

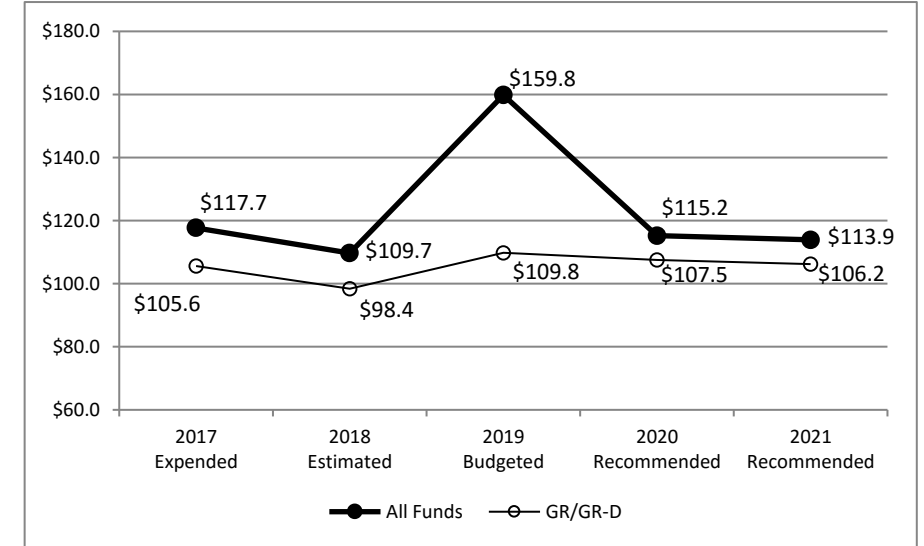
**Department of Insurance  
Summary of Recommendations - House**

Page VIII-16  
Kent Sullivan, Commissioner of Insurance  
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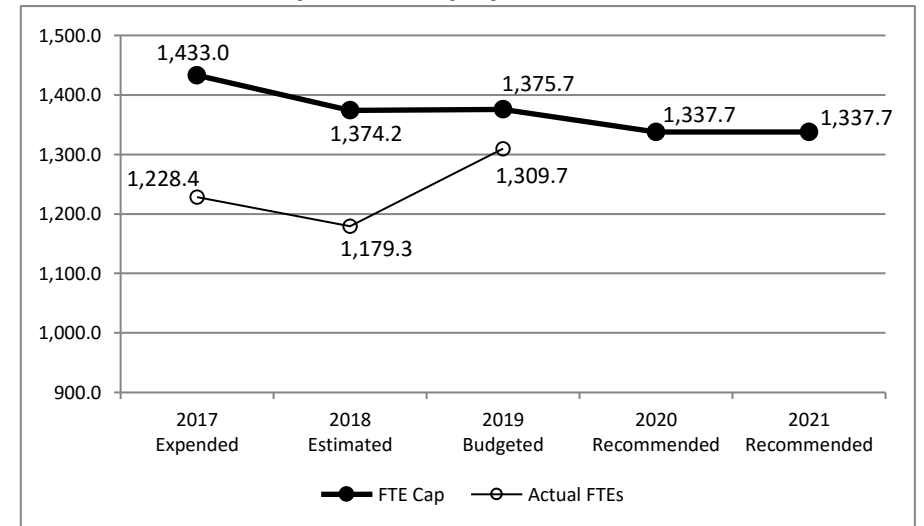
<b>Method of Financing</b>	<b>2018-19 Base</b>	<b>2020-21 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$81,336,493	\$86,402,030	\$5,065,537	6.2%
GR Dedicated Funds	\$126,855,316	\$127,378,238	\$522,922	0.4%
<i>Total GR-Related Funds</i>	<i>\$208,191,809</i>	<i>\$213,780,268</i>	<i>\$5,588,459</i>	<i>2.7%</i>
Federal Funds	\$6,239,998	\$4,455,186	(\$1,784,812)	(28.6%)
Other	\$55,067,753	\$10,871,764	(\$44,195,989)	(80.3%)
<b>All Funds</b>	<b>\$269,499,560</b>	<b>\$229,107,218</b>	<b>(\$40,392,342)</b>	<b>(15.0%)</b>

	<b>FY 2019 Budgeted</b>	<b>FY 2021 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	1,309.7	1,337.7	28.0	2.1%

**Historical Funding Levels (Millions)**



**Historical Full-Time-Equivalent Employees (FTEs)**



The bill pattern for this agency (2020-21 Recommended) represents an estimated 46.7% of the agency's estimated total available funds for the 2020-21 biennium.

**Department of Insurance**  
**Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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***SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):***

A)	Health Insurance Risk Pool - Enabling statute expires in the 2018-19 biennium.	\$0.0	(\$1.8)	\$0.0	(\$40.3)	(\$42.1)	G.1.1
B)	State Regulatory Response to Hurricane Harvey in fiscal year 2018.	(\$0.8)	\$0.0	\$0.0	\$0.0	(\$0.8)	F.1.1
C)	Contingency appropriation for State Regulatory Response.	\$4.4	\$0.0	\$0.0	\$0.0	\$4.4	F.1.1
D)	Data Center Services to align with the Department of Information Resources estimates of ongoing costs.	\$1.4	\$2.4	\$0.0	\$0.0	\$3.8	E.1.2

***OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):***

E)	Texas.gov fee collections not anticipated in the 2020-21 biennium.	\$0.0	(\$0.1)	\$0.0	\$0.0	(\$0.1)	A.3.2
F)	Appropriated Receipts for the Three-Share Premium Assistance Program and various publications, conferences, and fee collections not anticipated in the 2020-21 biennium.	\$0.0	\$0.0	\$0.0	(\$3.9)	(\$3.9)	8 strategies
G)	Affordable Care Act Health Insurance Premium Review Grant not anticipated in the 2020-21 biennium.	\$0.0	\$0.0	(\$1.8)	\$0.0	(\$1.8)	A.1.1, D.2.1

<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$5.1</b>	<b>\$0.5</b>	<b>(\$1.8)</b>	<b>(\$44.2)</b>	<b>(\$40.4)</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$5.8	\$2.4	\$0.0	\$0.0	\$8.2	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$0.8)	(\$1.9)	(\$1.8)	(\$44.2)	(\$48.7)	As Listed

NOTE: Totals may not sum due to rounding.

**Department of Insurance  
Selected Fiscal and Policy Issues - House**

1. **Self-Leveling Funding.** The Texas Department of Insurance (TDI) is required by statute to adjust taxes and fees to generate revenue equivalent to its appropriations, the appropriations made to the Office of Injured Employee Counsel (OIEC) and certain programs in five other agencies, and other indirect costs including benefits.

Methods of finance subject to this requirement include the Insurance Companies Maintenance Tax and Insurance Department Fees (GR Fund 8042) deposited in the General Revenue Fund and the TDI Operating Fund Account No. 36 (GR-D Fund 36). (See Section 3a: Insurance Tax Revenue & Spending Infographic)

2. **Health Insurance Risk Pool.** Senate Bill 2087 (85R) established a temporary Health Insurance Risk Pool to assist Texas residents in accessing quality health care. TDI is appropriated \$42.1 million in All Funds in the 2018-19 biennium, including 1) \$40.3 million in Premium Stabilization Funds (Other Funds) to provide access to health care and conduct public education and outreach; and 2) \$1.8 million in GR-D Fund 36 to administer the Health Insurance Risk Pool. Pursuant to Rider 21, Contingency Appropriation: Health Insurance Risk Pool, in TDI's bill pattern, the funds are contingent on federal law, regulation, or executive action and may not be spent unless the Commissioner of Insurance files a finding of fact with the Governor and the Legislative Budget Board (LBB). No funds were expended for this purpose in fiscal year 2018 and TDI states it does not anticipate submitting a finding of fact in fiscal year 2019.

Pursuant to Texas Insurance Code, Chapter 1510, the Health Insurance Risk Pool expires on August 31, 2019. Recommendations include a decrease of \$42.1 million in All Funds related to the expiration of the Health Insurance Risk Pool and the deletion of the associated Rider 21, Contingency Appropriation: Health Insurance Risk Pool.

3. **Contingency Appropriation: State Regulatory Response Rider.** Rider 19, Contingency Appropriation: State Regulatory Response, in TDI's bill pattern, may be activated to respond to changes in the insurance market, including man-made and natural disasters. The Governor and the LBB approved access to the Rider 19 appropriation up to \$1.1 million in fiscal year 2018 based on TDI's projected costs for additional resources needed due to Hurricane Harvey. TDI ultimately expended \$0.8 million on actual costs and lapsed the remaining \$0.3 million in the 2018-19 biennium. Expenditures for the Hurricane Harvey response included TDI staff deployed to the Disaster Recovery Center to respond to consumer questions and complaints, extended Consumer Help Line hours, the processing of additional adjuster license applications, and increased windstorm inspections.

Recommendations include a decrease of \$0.8 million in the one-time expenses for Hurricane Harvey. Recommendations also include the continuation of the agency's Contingency Regulatory Response Rider and an associated increase of \$4.4 million in GR Fund 8042 in the 2020-21 biennium and 40.0 FTE positions each year.

4. **Data Center Services.** Recommendations include an increase of \$3.8 million in GR Fund 8042 and GR-D Fund 36 to align the agency's Data Center Services with the Department of Information Resources estimates of ongoing costs. The increase is primarily related to an increase in the number of database servers and additional licensing costs to maintain support for workers' compensation and insurance regulatory applications.

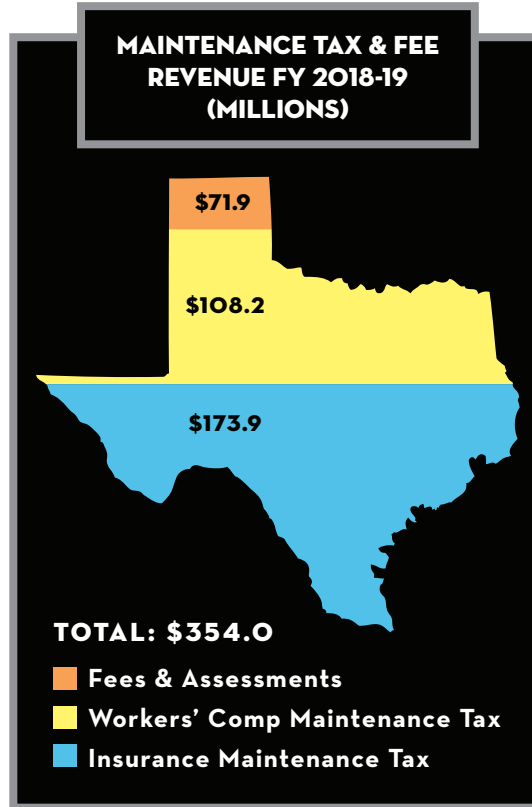


# REVENUE

## MAINTENANCE TAXES & FEES

Texas collects insurance taxes and related fees and assessments to regulate the insurance industry and to decrease insurance claims. Maintenance taxes and fees are estimated to generate **\$354.0 million** in the 2018-19 biennium. Insurance companies pay maintenance taxes based on the total amount of gross premiums received. The Commissioner of Insurance for the Texas Department of Insurance (TDI) sets the maintenance tax rates each year.<sup>1</sup> Funding is self-leveling, collecting only the revenue needed for appropriations and other indirect costs. In addition, TDI is statutorily authorized to collect user fees, such as insurance company filing fees and agent licensing fees.

Maintenance taxes and fees are deposited into GR and then reallocated to General Revenue-Dedicated TDI Operating Fund Account No. 0036 (GR-D Fund 36). The Legislature appropriates funds from maintenance taxes and fees to TDI and other supporting agencies performing insurance-related activities.



## OTHER TAXES & ASSESSMENTS

In addition to maintenance tax and fees, insurance companies also pay premium taxes and assessments for the Office of Public Insurance Counsel (OPIC). Insurance companies pay premium taxes based on the total amount of gross premiums received. Each line of insurance has an annual tax rate.<sup>2</sup> Premium taxes are deposited into the General Revenue Fund (GR). One-fourth of certain premium tax proceeds are deposited to the credit of the Foundation School Fund and all other proceeds are available for general appropriation purposes. Estimated premium tax collections in the 2018-19 biennium are **\$4,997.6 million**.

OPIC is funded by an annual assessment of 5.7 cents for each policy an insurer has in force at the end of the year. Assessments are estimated to be \$5.0 million in 2018-19. OPIC is directly appropriated \$1.7 million of the assessment and the remainder is deposited to GR.

Sources: Texas Department of Insurance; Comptroller of Public Accounts, Certification Revenue Estimate October 2017

# SPENDING

- Direct appropriations from maintenance tax & fee revenue total **\$287.8 million**.
- Appropriations include both GR-D Fund 36 and General Revenue-Insurance Companies Maintenance Tax and Insurance Department Fees (GR-Insurance Maintenance Tax).
- GR-Insurance Maintenance Tax is included in the General Appropriations Act to differentiate workers' compensation maintenance tax and fees from the other eight lines of insurance. While agencies are appropriated funds from GR-Insurance Maintenance Tax, all funds are expended from GR-D Fund 36.
- In addition to direct appropriations, GR-D Fund 36 covers proportional shares of other indirect costs including benefits.

## STATUTORY REQUIREMENTS

- Texas Water Development Board (TWDB) and Comptroller of Public Accounts (CPA) are allocated funds based on statutory requirements from the Texas Insurance Code.

### \$6.1 MILLION: TWDB

The CPA is required to deposit the first \$3.05 million of maintenance taxes each year to the floodplain management account, which is then appropriated to and administered by TWDB.<sup>3</sup> These funds are used for floodplain planning and management.

### \$2.2 MILLION: CPA

TDI is required to reimburse the CPA for the administration of the insurance tax collection function.<sup>4</sup> The CPA will certify the estimated expenses to perform these duties and TDI will transfer this amount to GR annually.

Notes: 1) Texas Insurance Code § 251.001; 2) Texas Insurance Code, Chapter 221-226; 3) Texas Insurance Code § 251.004(b); 4) Texas Insurance Code § 201.052(a-b)

## APPROPRIATIONS FY 2018-19 (TOTAL \$287.8 MILLION)

- **\$198.2 MILLION**  
**Texas Department of Insurance (TDI)**  
TDI regulates the insurance industry and promotes a stable and competitive insurance market
- **\$49.6 MILLION**  
**Texas A&M Forest Service (TFS)**  
TFS implements a wildfire protection plan and provides group insurance contributions for TFS employees
- **\$17.6 MILLION**  
**Office of Injured Employee Counsel (OIEC)**  
OIEC advocates on behalf of injured workers
- **\$12.0 MILLION**  
**Department of State Health Services (DSHS)**  
DSHS provides immunization services and implements regulatory programs for environmental health
- **\$6.8 MILLION**  
**Office of the Attorney General (OAG)**  
OAG provides insurance-related legal services
- **\$2.1 MILLION**  
**Texas Facilities Commission (TFC)**  
TFC pays for TDI utilities
- **\$1.5 MILLION**  
**Texas Department of Transportation (TxDOT)**  
TxDOT conducts ongoing maintenance of the Crash Records Information System

**Department of Insurance  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Capital Budget.** Recommendations include an increase of capital budget authority and funding totaling \$3.8 million in GR Fund 8042 and GR-D Fund 36 to maintain current obligations for Data Center Services as identified by the Department of Information Resources.
12. **Subsequent Injury Fund.** Revise rider to adjust the amount allocated from the Subsequent Injury Fund for the payment of liabilities in alignment with the agency's 2018-19 actual liabilities.
13. **Three-Share Premium Assistance Programs.** Revise rider to adjust the amount allocated for program administration in alignment with the agency's actual costs.
16. **Medical Fee Disputes.** Revise rider to adjust the amount allocated from \$1.5 million to \$1.4 million to reflect current projections for the cost of medical dispute appeals and medical quality review cases, including appeals and cases handled at the State Office of Administrative Hearings.
17. **Administrative Attachment Budget.** Revise rider to adjust the amount allocated for the Office of Injured Employee Counsel administrative attachment costs from \$875,000 to \$915,000 each fiscal year due to increasing rent costs.

**Deleted Riders**

21. **Contingency Appropriation: Health Insurance Risk Pool.** Delete rider as the Health Insurance Risk Pool expires on August 31, 2019. (See Selected Fiscal and Policy Issue #2)

**Department of Insurance  
Items Not Included in Recommendations - House**

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
<b>Agency Exceptional Items - In Agency Priority Order</b>							
1)	Request to add a new rider to the agency's bill pattern to appropriate agent and adjuster licensing fee collections in excess of the amounts contained in the Comptroller of Public Accounts, Biennial Revenue Estimate, to support any increased demand in license filings and unexpended balance authority within the biennium.	\$0	\$0	0.0	No	No	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$0</b>	<b>\$0</b>	<b>0.0</b>			<b>\$0</b>

**Department of Insurance  
Appendices - House**

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\* Appendix is not included - no significant information to report

\*\* Information is included in the presentation section of the packet

**Department of Insurance  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2018-19 Base</b>	<b>2020-21 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
					<i>Unless otherwise specified, appropriation references below to General Revenue (GR) are related to General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees and General Revenue-Dedicated (GR-D) references are related to General Revenue-Dedicated Texas Department of Insurance Operating Fund Account No. 36.</i>
CONSUMER EDUCATION AND OUTREACH A.1.1	\$21,322,910	\$19,784,316	(\$1,538,594)	(7.2%)	All Funds net decrease due to the following: -Decrease of \$1,822,146 in Federal Funds for the Affordable Care Act Health Insurance Premium Review Grant extended in the 2018-19 biennium not anticipated to continue in the 2020-21 biennium; -Decrease of \$39,213 in Appropriated Receipts collections for conferences that are not anticipated in the 2020-21 biennium; -Decrease of \$38,374 in GR and GR-D reallocated to other strategies to fill vacant positions in the 2020-21 biennium; and -Increase of \$361,139 in GR and GR-D to fill vacant positions from a department reorganization and reallocation of resources from other strategies.
RESOLVE COMPLAINTS A.2.1	\$6,342,868	\$5,851,680	(\$491,188)	(7.7%)	GR and GR-D decrease due to the following: -Decrease of \$398,421 for a department reorganization and reallocation of resources to Strategy A.1.1; and -Decrease of \$92,767 reallocated to other strategies to fill vacant positions in the 2020-21 biennium.
INVESTIGATION AND ENFORCEMENT A.2.2	\$5,898,871	\$5,847,602	(\$51,269)	(0.9%)	
INSURANCE FRAUD A.2.3	\$7,038,923	\$7,294,612	\$255,689	3.6%	Reallocation of GR and GR-D to fill vacant positions in the insurance fraud program.
WORKERS COMPENSATION FRAUD A.2.4	\$1,491,708	\$1,573,710	\$82,002	5.5%	Reallocation of GR-D to fill vacant positions in the workers' compensation fraud program.
PROCESS RATES, FORMS & LICENSES A.3.1	\$21,338,981	\$21,274,404	(\$64,577)	(0.3%)	Reallocation of GR and GR-D used for temporary hires and services to process licenses in the 2018-19 biennium.
TEXAS.GOV A.3.2	\$839,955	\$760,000	(\$79,955)	(9.5%)	Decrease of GR-D from Texas.gov collections not anticipated in the 2020-21 biennium.



**Department of Insurance**  
**Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
CERTIFY SELF-INSURANCE A.3.3	\$1,127,774	\$1,123,392	(\$4,382)	(0.4%)	
THREE-SHARE PROGRAMS A.4.1	\$3,508,419	\$129,694	(\$3,378,725)	(96.3%)	All Funds net decrease due to the following: -Decrease of \$3,384,724 in Appropriated Receipts related to penalties and fines for the Three-Share Premium Assistance Program; and -Increase of \$5,999 in GR and GR-D for a salary increase for one FTE position.
LOSS CONTROL PROGRAMS A.5.1	\$5,998,551	\$6,123,324	\$124,773	2.1%	Reallocation of GR and GR-D to fill vacant positions in the loss control programs.
<b>Total, Goal A, ACCESS TO AFFORDABLE INSURANCE</b>	<b>\$74,908,960</b>	<b>\$69,762,734</b>	<b>(\$5,146,226)</b>	<b>(6.9%)</b>	
INSURERS FINANCIAL CONDITION B.1.1	\$15,445,368	\$15,394,858	(\$50,510)	(0.3%)	
<b>Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH</b>	<b>\$15,445,368</b>	<b>\$15,394,858</b>	<b>(\$50,510)</b>	<b>(0.3%)</b>	
FIRE MARSHAL C.1.1	\$10,248,904	\$10,055,850	(\$193,054)	(1.9%)	Decrease of GR and GR-D reallocated to other strategies to fill vacant positions in the 2020-21 biennium.
<b>Total, Goal C, REDUCE LOSSES DUE TO FIRE</b>	<b>\$10,248,904</b>	<b>\$10,055,850</b>	<b>(\$193,054)</b>	<b>(1.9%)</b>	
OVERSIGHT AND ENFORCEMENT D.1.1	\$15,479,046	\$15,564,814	\$85,768	0.6%	Reallocation of GR-D to fill vacant positions in the oversight and enforcement program.
DISPUTE RESOLUTION D.1.2	\$26,857,690	\$26,501,618	(\$356,072)	(1.3%)	All Funds net decrease due to the following: -Decrease of \$385,470 in Appropriated Receipts for designated doctor conferences and activities not anticipated in the next biennium; -Decrease of \$143,484 in GR-D reallocated to other strategies to fill vacant positions in the 2020-21 biennium; and -Increase of \$172,882 in GR-D to fill three vacant positions in the dispute resolution program.
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$13,431,629	\$13,486,628	\$54,999	0.4%	Reallocation of GR-D to fund retention efforts in the Subsequent Injury Fund administration program.
HEALTH AND SAFETY SERVICES D.2.1	\$7,894,788	\$7,942,464	\$47,676	0.6%	

**Department of Insurance**  
**Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$9,437,887	\$8,738,660	(\$699,227)	(7.4%)	Reallocation of GR-D for the electronic file conversion project completed in the 2018-19 biennium.
<b>Total, Goal D, REGULATE WORKERS' COMP SYSTEM</b>	<b>\$73,101,040</b>	<b>\$72,234,184</b>	<b>(\$866,856)</b>	<b>(1.2%)</b>	
CENTRAL ADMINISTRATION E.1.1	\$18,848,929	\$19,316,990	\$468,061	2.5%	Reallocation of GR and GR-D to fill vacant positions for administration personnel.
INFORMATION RESOURCES E.1.2	\$26,807,008	\$30,653,286	\$3,846,278	14.3%	Increase of GR and GR-D primarily for Data Center Services to align with the Department of Information Resources estimates of ongoing costs.
OTHER SUPPORT SERVICES E.1.3	\$7,297,304	\$7,289,316	(\$7,988)	(0.1%)	
<b>Total, Goal E, INDIRECT ADMINISTRATION</b>	<b>\$52,953,241</b>	<b>\$57,259,592</b>	<b>\$4,306,351</b>	<b>8.1%</b>	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$754,972	\$4,400,000	\$3,645,028	482.8%	GR net increase due to the following: -Decrease of \$754,972 for additional resources needed to respond to Hurricane Harvey not anticipated in the next biennium; and -Increase of \$4,400,000 to continue the agency's State Regulatory Response rider to respond to unexpected changes in the insurance market, as well as natural and man-made disasters.
<b>Total, Goal F, REGULATORY RESPONSE</b>	<b>\$754,972</b>	<b>\$4,400,000</b>	<b>\$3,645,028</b>	<b>482.8%</b>	
CONTINGENCY HEALTH INS RISK POOL G.1.1	\$42,087,075	\$0	(\$42,087,075)	(100.0%)	Decrease of \$1,774,953 in GR-D and \$40,312,122 in Premium Stabilization Funds (Other Funds) due to the expiration of the Health Insurance Risk Pool, pursuant to Senate Bill 2087 (85R).
<b>Total, Goal G, HEALTH INSURANCE RISK POOL</b>	<b>\$42,087,075</b>	<b>\$0</b>	<b>(\$42,087,075)</b>	<b>(100.0%)</b>	

**Department of Insurance  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2018-19 Base</b>	<b>2020-21 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
<b>Grand Total, All Strategies</b>	<b>\$269,499,560</b>	<b>\$229,107,218</b>	<b>(\$40,392,342)</b>	<b>(15.0%)</b>	All Funds net decrease due to the following: -Decrease of \$42,087,075 in GR-D and Premium Stabilization Funds (Other Funds) due to the expiration of the Health Insurance Risk Pool, pursuant to Senate Bill 2087 (85R); -Decrease of \$754,972 in GR for additional resources needed to respond to Hurricane Harvey not anticipated in the next biennium; -Decrease of \$79,955 in GR-D for Texas.gov collections not anticipated in the 2020-21 biennium; -Decrease of \$3,883,867 in Other Funds due to appropriated receipt collections not anticipated in the next biennium; -Decrease of \$1,784,812 in Federal Funds primarily due to the expiration of the Affordable Care Act Health Insurance Premium Review Grant; -Increase of \$4,400,000 in GR to continue the agency's State Regulatory Response rider; and -Increase of \$3,798,339 in GR and GR-D for Data Center Services to align with the Department of Information Resources estimates of ongoing costs.

**Department of Insurance**  
**Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Fire Safety Activities and Support	Reduction of 10.9 FTEs for the State Fire Marshal's Office (SFMO) would affect service levels to local fire service, law enforcement agencies, and rural communities where the SFMO performs fire safety inspections, outreach, investigations, and enforcement. Specifically, it would reduce building inspection capabilities in quantity and response time.	\$1,447,332	\$1,447,332	10.9	\$1,447,332	1.9%	\$74,249,476	N
2)	Division of Workers' Compensation (DWC) Central Administration and Support	Reduction of 4.6 FTEs would affect the ability to produce internal and external communication products, provide timely response to media inquiries, provide Spanish translation services, and provide administrative support for the DWC Commissioner's office.	\$622,460	\$622,460	4.6	\$622,460	0.5%	\$124,625,452	N
3)	Regulatory Policy Activities and Support	Reduction of 26.2 FTEs would result in longer processing times for incoming forms and rates filings and result in fewer rules initiatives. The reduction may limit the ability to monitor TexasSure and complete a wide variety of regulatory program management activities, including data collection and rate compliance. It would also decrease in the number of public education seminars conducted, windstorm certificates processed, phone calls answered, and loss control inspections conducted.	\$3,247,158	\$3,247,158	26.2	\$3,247,158	3.8%	\$86,288,546	N
4)	Subsequent Injury Fund (SIF)	Reduction in the appropriations from SIF. Payments from the SIF are statutorily required. Rider 12 allows TDI to request an increase in appropriations from SIF to pay for current liabilities that exceed appropriated amounts.	\$1,543,312	\$1,543,312	0.0	\$0	11.4%	\$13,486,180	N
5)	DWC Business Processes and Support	Reduction of 4.6 FTEs would result in decreased external customer support for the Commissioner of Workers' Compensation, reduce the ability to monitor DWC contract renewals and the processing of personnel and financial transactions, increase processing times for standard reports, and delay process improvement activities. The reduction would also affect education and compliance monitoring for the designated doctor program.	\$800,120	\$800,120	4.6	\$800,120	0.6%	\$124,625,452	N
6)	Legal & Enforcement Activities and Support	Reduction of 12.1 FTEs would decrease the ability to respond to the legal needs of all areas of the agency, increase time to handle and close enforcement cases, reduce the agency's ability to provide legal assistance in response to subpoenas, and increase time to draft and adopt rules.	\$1,580,382	\$1,580,382	12.1	\$1,580,382	1.8%	\$90,251,552	N
7)	DWC Claims & Customer Services and Support	Reduction of 15.1 FTEs would impact the ability to provide timely customer services, resolve disputes without the need for formal dispute resolution, administer injured employee outreach programs, and may also result in the conversion of certain field offices to different service models or closure.	\$1,412,288	\$1,412,288	15.1	\$1,412,288	1.1%	\$124,625,452	N
8)	Compliance Activities and Support	Reduction of 12.7 FTEs would impact the complaints resolution and education and outreach functions that provide direct assistance to Texas consumers. The reduction would reduce the Fraud Unit's criminal investigations, prosecution referrals, and case resolutions for insurance fraud.	\$2,078,754	\$2,078,754	12.7	\$2,078,754	2.3%	\$90,251,552	N

**Department of Insurance  
Summary of Ten Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
9)	DWC Health & Safety and Support	Reduction of 6.5 FTEs would impact the ability to provide return-to-work information and medical fee dispute decisions to employees, employers, and health care providers. It would also impact investigation and monitoring of health care related complaints and audits.	\$1,059,212	\$1,059,212	6.5	\$1,059,212	0.8%	\$124,625,452	N
10)	DWC General Counsel and Support	Reduction of 4.4 FTEs would impact DWC's rulemaking and processing of open records requests, and decrease the ability to provide legal direction, consultation, and assistance to program areas.	\$546,064	\$546,064	4.4	\$546,064	0.4%	\$124,625,452	N
11)	Financial Solvency and Support	Reduction of 15.5 FTEs would impact the ability to conduct reviews of insurers, identify financially insolvent companies, and implement regulatory interventions. It would also reduce the licensing of new insurance companies wanting to offer coverage to Texans and the evaluation of the adequacy of health networks to ensure that Texans have access to medically necessary care.	\$1,916,556	\$1,916,556	15.5	\$1,916,556	2.3%	\$82,960,924	N
12)	DWC Compliance & Investigations and Support	Reduction of 5.8 FTEs would decrease workers' compensation complaint investigations, prosecution referrals, and case resolutions for cases involving doctors and medical benefits of injured employees. The reduction would reduce the hiring of expert witnesses to evaluate medical records and provide testimony and travel expenses for witness interviews and warrant executions.	\$972,854	\$972,854	5.8	\$972,854	0.8%	\$124,625,452	N
13)	DWC Records Management and Support	Reduction of 0.5 FTEs would impact the processing of annual filings from employers and other system participants. The reduction would also decrease the ability to maintain routine data processing operations for official claim actions and dispute resolution activities for injured employees. It would increase processing times for all documents received by DWC with statutorily required processing timeframes.	\$616,402	\$616,402	0.5	\$616,402	0.5%	\$124,625,452	N
14)	Agents Licensing Services and Support	Reduction of 7.0 FTEs would result in longer call center wait times for agents and adjusters and a backlog in license processing.	\$807,960	\$807,960	7.0	\$807,960	0.9%	\$86,159,176	N
15)	DWC Hearings and Support	Reduction of 16.7 FTEs would delay workers' compensation indemnity and medical dispute resolution services. The reduction would delay delivery of income and medical benefits to injured employees due to a backlog of dispute resolution proceedings and would decrease the reviewing of disputes that have been appealed.	\$2,168,328	\$2,168,328	16.7	\$2,168,328	1.7%	\$124,625,452	N
<b>TOTAL, 10% Reduction Options</b>			<b>\$20,819,182</b>	<b>\$20,819,182</b>	<b>142.6</b>	<b>\$19,275,870</b>			

**Department of Insurance  
Quality Assurance Team Highlights - House**

**The Texas Department of Insurance (TDI) has one project subject to Quality Assurance Team (QAT) oversight. This project is within budget and schedule as reported to QAT.\***

Project Name	Project Cost	Expenditures to Date	% Complete	Timeline in Months	Project Status
Document Management System	\$ 2.4	\$ 1.3	100%	34	<p>TDI procured ImageRight, a commercial-off-the-shelf (COTS) document management system with integrated modules, such as workflow, collaboration, and automatic document retention, in fiscal year 2017. This system replaced the Exigen Visiflow system that TDI used for both document storage and workflow processing. The old system was at end-of-life, and the manufacturer no longer provided support.</p> <p>TDI began the document management project in fiscal year 2016. The initial estimated project cost was \$4.0 million. The initial planned project start and finish dates were December 2, 2015, and August 31, 2018, respectively. In June 2017, TDI used a Department of Information Resources Cooperative Contract for procuring the COTS cloud-based system, which reduced the project cost to \$2.4 million. The agency implemented the project under budget and within duration.</p> <p>Recommendations include \$633,886 in All Funds in the 2020-21 biennium for acquisition of ImageRight concurrent software licensing, maintenance, and support of the system.</p>

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\*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to QAT for review. QAT includes representatives from the Comptroller of Public Accounts, Department of Information Resources, Legislative Budget Board, and the State Auditor’s Office (Advisory Only).