

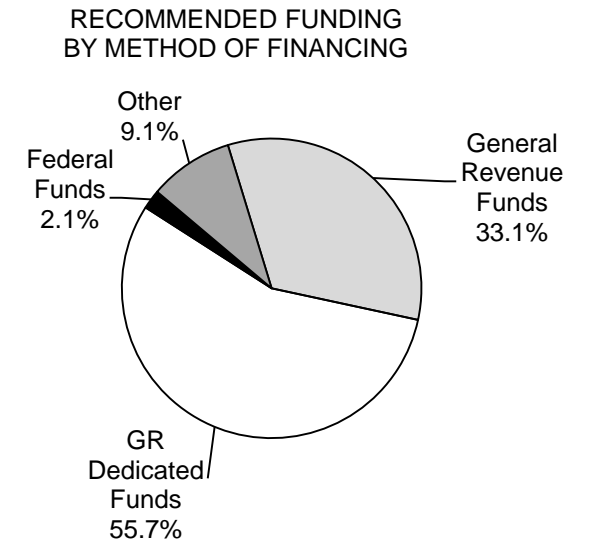
**Department of Insurance
Summary of Recommendations - Senate**

VIII-17

Mike Geeslin, Commissioner of Insurance

Christy Havel, LBB Analyst

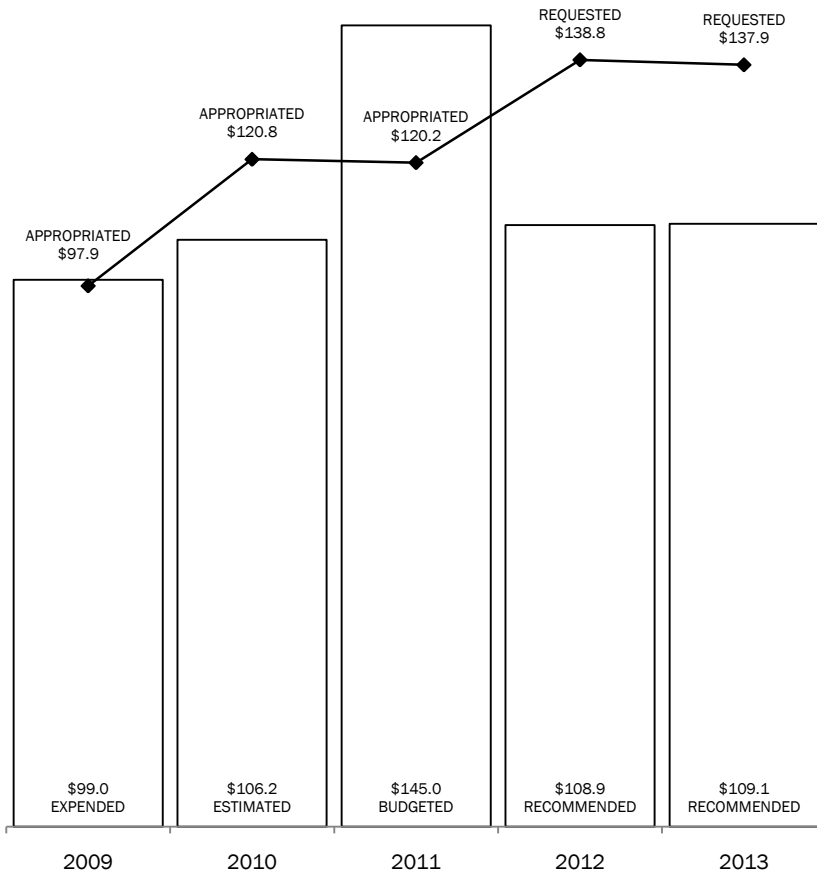
Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$72,628,291	\$72,634,657	\$72,163,682	(\$470,975)	(0.6%)
GR Dedicated Funds	\$127,567,570	\$127,567,570	\$121,412,125	(\$6,155,445)	(4.8%)
<i>Total GR-Related Funds</i>	<i>\$200,195,861</i>	<i>\$200,202,227</i>	<i>\$193,575,807</i>	<i>(\$6,626,420)</i>	<i>(3.3%)</i>
Federal Funds	\$4,509,246	\$5,321,985	\$4,533,442	(\$788,543)	(14.8%)
Other	\$36,322,432	\$45,745,041	\$19,892,764	(\$25,852,277)	(56.5%)
All Funds	\$241,027,539	\$251,269,253	\$218,002,013	(\$33,267,240)	(13.2%)



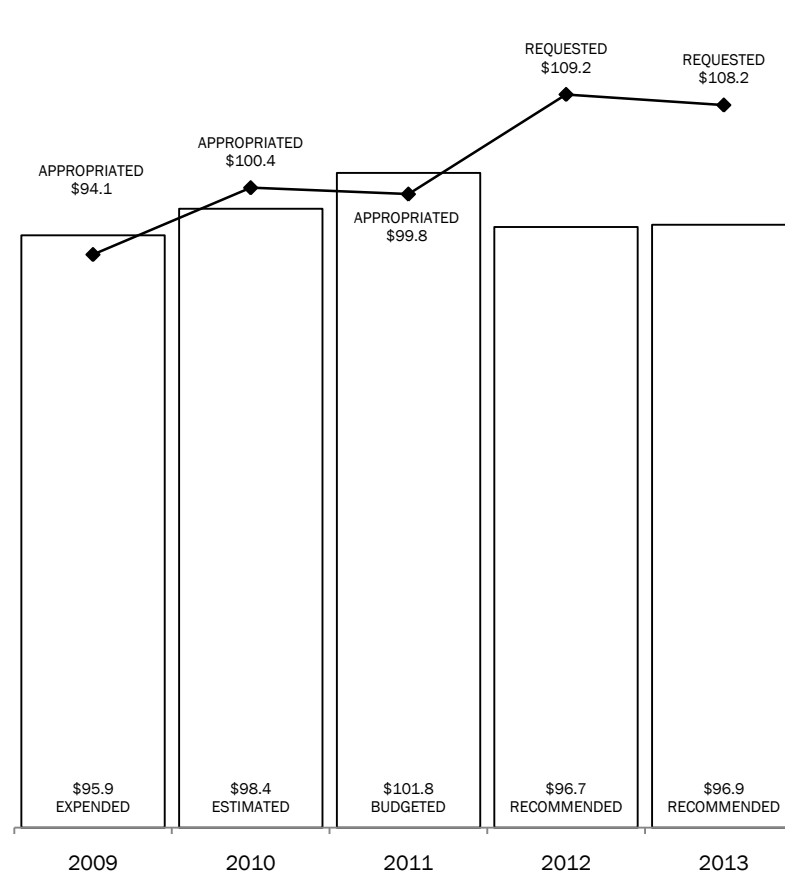
	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	1,695.5	1,701.5	1,642.5	(59.0)	(3.5%)

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

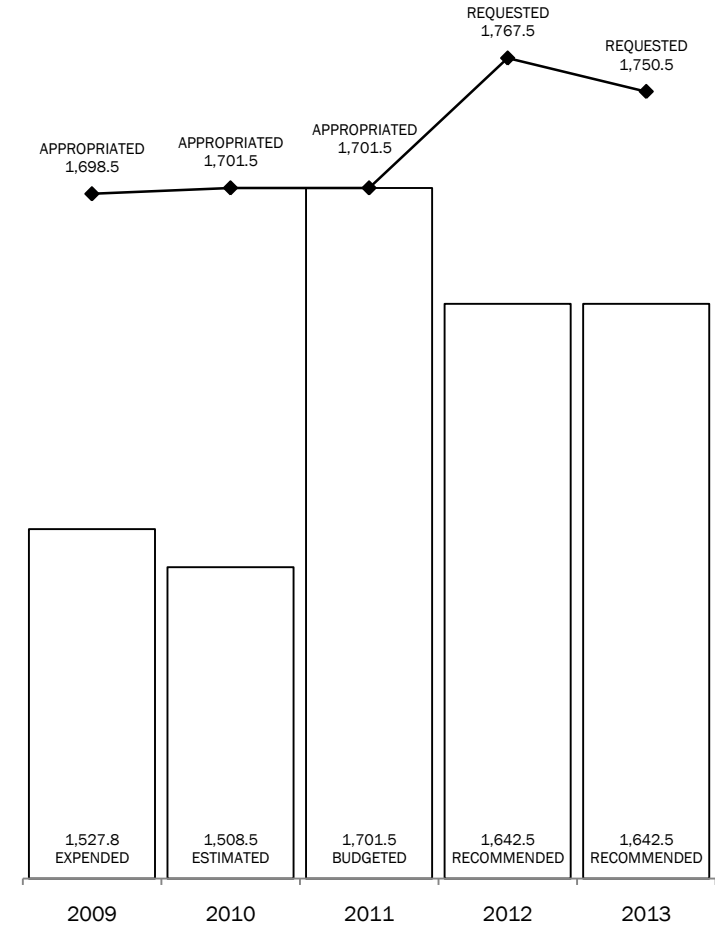
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
CONSUMER EDUCATION AND OUTREACH A.1.1	\$6,445,407	\$14,490,564	\$8,045,157	124.8%	
RESOLVE COMPLAINTS A.2.1	\$5,825,149	\$5,576,290	(\$248,859)	(4.3%)	
INVESTIGATION AND ENFORCEMENT A.2.2	\$5,953,815	\$5,583,460	(\$370,355)	(6.2%)	
INSURER FRAUD A.2.3	\$2,841,404	\$2,650,848	(\$190,556)	(6.7%)	
PROCESS RATES, FORMS & LICENSES A.3.1	\$22,114,426	\$20,740,628	(\$1,373,798)	(6.2%)	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$414,769	\$410,648	(\$4,121)	(1.0%)	
TEXAS ONLINE A.3.3	\$760,000	\$760,000	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$1,378,594	\$1,247,782	(\$130,812)	(9.5%)	
LONG-TERM CARE A.4.1	\$290,781	\$294,926	\$4,145	1.4%	
THREE-SHARE PROGRAMS A.4.2	\$2,395,250	\$844,750	(\$1,550,500)	(64.7%)	
HEALTHY TEXAS A.4.3	\$41,856,017	\$9,950,000	(\$31,906,017)	(76.2%)	
CONTINGENCY PAYMENT AND DELIVERY A.4.4	\$0	\$900,000	\$900,000	100.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$90,275,612	\$63,449,896	(\$26,825,716)	(29.7%)	
INSURERS FINANCIAL CONDITION B.1.1	\$24,355,882	\$22,870,618	(\$1,485,264)	(6.1%)	
LOSS CONTROL PROGRAMS B.2.1	\$5,392,569	\$5,136,516	(\$256,053)	(4.7%)	
PROVIDER AND CONSUMER FRAUD B.2.2	\$2,691,139	\$2,590,082	(\$101,057)	(3.8%)	
WORKERS' COMPENSATION FRAUD B.2.3	\$551,039	\$517,534	(\$33,505)	(6.1%)	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$32,990,629	\$31,114,750	(\$1,875,879)	(5.7%)	
FIRE PROTECTION C.1.1	\$9,091,684	\$7,865,644	(\$1,226,040)	(13.5%)	
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$9,091,684	\$7,865,644	(\$1,226,040)	(13.5%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$10,745,378	\$9,538,110	(\$1,207,268)	(11.2%)	
DISPUTE RESOLUTION D.1.2	\$28,977,722	\$27,392,764	(\$1,584,958)	(5.5%)	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$9,008,233	\$8,991,686	(\$16,547)	(0.2%)	
HEALTH AND SAFETY SERVICES D.2.1	\$8,524,610	\$8,005,784	(\$518,826)	(6.1%)	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$11,302,255	\$10,182,952	(\$1,119,303)	(9.9%)	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$68,558,198	\$64,111,296	(\$4,446,902)	(6.5%)	
CENTRAL ADMINISTRATION E.1.1	\$20,748,674	\$19,290,313	(\$1,458,361)	(7.0%)	
INFORMATION RESOURCES E.1.2	\$22,806,625	\$21,314,822	(\$1,491,803)	(6.5%)	
OTHER SUPPORT SERVICES E.1.3	\$6,797,831	\$6,455,292	(\$342,539)	(5.0%)	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
Total, Goal E, INDIRECT ADMINISTRATION	\$50,353,130	\$47,060,427	(\$3,292,703)	(6.5%)	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$4,400,000	\$4,400,000	100.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$4,400,000	\$4,400,000	100.0%	
Grand Total, All Strategies	\$251,269,253	\$218,002,013	(\$33,267,240)	(13.2%)	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
CONSUMER EDUCATION AND OUTREACH A.1.1	\$3,963,120	\$3,689,858	(\$273,262)	(6.9%)	
RESOLVE COMPLAINTS A.2.1	\$3,761,012	\$3,600,336	(\$160,676)	(4.3%)	
INVESTIGATION AND ENFORCEMENT A.2.2	\$3,816,282	\$3,549,360	(\$266,922)	(7.0%)	
INSURER FRAUD A.2.3	\$1,940,509	\$1,819,018	(\$121,491)	(6.3%)	
PROCESS RATES, FORMS & LICENSES A.3.1	\$14,319,201	\$13,423,006	(\$896,195)	(6.3%)	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$267,796	\$265,136	(\$2,660)	(1.0%)	
TEXAS ONLINE A.3.3	\$13,040	\$13,040	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$0	\$0	\$0	0.0%	
LONG-TERM CARE A.4.1	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.2	\$895,250	\$844,750	(\$50,500)	(5.6%)	
HEALTHY TEXAS A.4.3	\$136,982	\$150,000	\$13,018	9.5%	
CONTINGENCY PAYMENT AND DELIVERY A.4.4	\$0	\$900,000	\$900,000	100.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$29,113,192	\$28,254,504	(\$858,688)	(2.9%)	
INSURERS FINANCIAL CONDITION B.1.1	\$15,563,982	\$14,603,330	(\$960,652)	(6.2%)	
LOSS CONTROL PROGRAMS B.2.1	\$3,481,716	\$3,316,396	(\$165,320)	(4.7%)	
PROVIDER AND CONSUMER FRAUD B.2.2	\$1,698,848	\$1,601,470	(\$97,378)	(5.7%)	
WORKERS' COMPENSATION FRAUD B.2.3	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$20,744,546	\$19,521,196	(\$1,223,350)	(5.9%)	
FIRE PROTECTION C.1.1	\$5,400,719	\$5,007,412	(\$393,307)	(7.3%)	
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$5,400,719	\$5,007,412	(\$393,307)	(7.3%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$0	\$0	\$0	0.0%	
DISPUTE RESOLUTION D.1.2	\$0	\$0	\$0	0.0%	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$0	\$0	\$0	0.0%	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$0	\$0	\$0	0.0%	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION E.1.1	\$6,973,978	\$6,608,340	(\$365,638)	(5.2%)	
INFORMATION RESOURCES E.1.2	\$8,048,773	\$7,663,490	(\$385,283)	(4.8%)	
OTHER SUPPORT SERVICES E.1.3	\$2,353,449	\$2,248,740	(\$104,709)	(4.4%)	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
Total, Goal E, INDIRECT ADMINISTRATION	\$17,376,200	\$16,520,570	(\$855,630)	(4.9%)	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$2,860,000	\$2,860,000	100.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$2,860,000	\$2,860,000	100.0%	
Grand Total, All Strategies	\$72,634,657	\$72,163,682	(\$470,975)	(0.6%)	<ul style="list-style-type: none"> • Decrease General Revenue-Insurance Maintenance Tax by \$3,625,049 over the biennium for the reduction of 31.0 FTEs below the fiscal year 2011 level, which is an amount equivalent to the agency's 5 percent exemption in fiscal years 2010-11. (See Selected Fiscal and Policy Issues #2) • Decrease General Revenue-Insurance Maintenance Tax by \$492,166 to reduce capital budget authority for the purchase of computer replacements and software upgrades. (See Selected Fiscal and Policy Issues #7) • Decrease General Revenue-Insurance Maintenance Tax by \$107,394 to reduce capital budget authority for the replacement of four vehicles for the State Fire Marshal's Office. (See Selected Fiscal and Policy Issues #7) • Decrease General Revenue by \$6,366 to reduce one-time surplus property revenue in alignment with the agency's request. (See Selected Fiscal and Policy Issues #8) • Increase General Revenue-Insurance Maintenance Tax by \$2,860,000 for the biennium with 26.0 FTEs each year for a Contingency Regulatory Response Rider. (See Selected Fiscal and Policy Issues #12 and Rider Highlights #24) • Increase General Revenue-Insurance Maintenance Tax by \$900,000 and 1.0 FTE each year of the fiscal year 2012-13 biennium for a Contingency Rider to develop a payment and delivery system pilot program. (See Selected Fiscal and Policy Issues #13 and Rider Highlights #18)

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GR DEDICATED

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
CONSUMER EDUCATION AND OUTREACH A.1.1	\$2,095,651	\$1,944,000	(\$151,651)	(7.2%)	
RESOLVE COMPLAINTS A.2.1	\$2,064,137	\$1,975,954	(\$88,183)	(4.3%)	
INVESTIGATION AND ENFORCEMENT A.2.2	\$2,137,533	\$2,034,100	(\$103,433)	(4.8%)	
INSURER FRAUD A.2.3	\$879,532	\$809,486	(\$70,046)	(8.0%)	
PROCESS RATES, FORMS & LICENSES A.3.1	\$7,771,905	\$7,317,622	(\$454,283)	(5.8%)	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$146,973	\$145,512	(\$1,461)	(1.0%)	
TEXAS ONLINE A.3.3	\$746,960	\$746,960	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$1,378,594	\$1,247,782	(\$130,812)	(9.5%)	
LONG-TERM CARE A.4.1	\$290,781	\$294,926	\$4,145	1.4%	
THREE-SHARE PROGRAMS A.4.2	\$0	\$0	\$0	0.0%	
HEALTHY TEXAS A.4.3	\$34,018	\$0	(\$34,018)	(100.0%)	
CONTINGENCY PAYMENT AND DELIVERY A.4.4	\$0	\$0	\$0	0.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$17,546,084	\$16,516,342	(\$1,029,742)	(5.9%)	
INSURERS FINANCIAL CONDITION B.1.1	\$8,541,900	\$8,017,288	(\$524,612)	(6.1%)	
LOSS CONTROL PROGRAMS B.2.1	\$1,910,853	\$1,820,120	(\$90,733)	(4.7%)	
PROVIDER AND CONSUMER FRAUD B.2.2	\$932,370	\$966,268	\$33,898	3.6%	
WORKERS' COMPENSATION FRAUD B.2.3	\$551,039	\$517,534	(\$33,505)	(6.1%)	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$11,936,162	\$11,321,210	(\$614,952)	(5.2%)	
FIRE PROTECTION C.1.1	\$3,124,465	\$2,858,232	(\$266,233)	(8.5%)	
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$3,124,465	\$2,858,232	(\$266,233)	(8.5%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$9,659,794	\$9,330,110	(\$329,684)	(3.4%)	
DISPUTE RESOLUTION D.1.2	\$28,823,884	\$27,248,764	(\$1,575,120)	(5.5%)	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$9,008,233	\$8,991,686	(\$16,547)	(0.2%)	
HEALTH AND SAFETY SERVICES D.2.1	\$3,609,419	\$3,300,972	(\$308,447)	(8.5%)	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$10,882,599	\$9,764,952	(\$1,117,647)	(10.3%)	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$61,983,929	\$58,636,484	(\$3,347,445)	(5.4%)	
CENTRAL ADMINISTRATION E.1.1	\$13,774,696	\$12,681,973	(\$1,092,723)	(7.9%)	
INFORMATION RESOURCES E.1.2	\$14,757,852	\$13,651,332	(\$1,106,520)	(7.5%)	
OTHER SUPPORT SERVICES E.1.3	\$4,444,382	\$4,206,552	(\$237,830)	(5.4%)	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- GR DEDICATED

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
Total, Goal E, INDIRECT ADMINISTRATION	\$32,976,930	\$30,539,857	(\$2,437,073)	(7.4%)	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$1,540,000	\$1,540,000	100.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$1,540,000	\$1,540,000	100.0%	
Grand Total, All Strategies	\$127,567,570	\$121,412,125	(\$6,155,445)	(4.8%)	<ul style="list-style-type: none"> • Decrease General Revenue-Dedicated Fund 36 by \$6,378,379 over the biennium for the reduction of 63.0 FTEs below the fiscal year 2011 cap, which is an amount equivalent to the agency's 5 percent exemption in fiscal years 2010-11. (See Selected Fiscal and Policy Issues #2) • Decrease General Revenue-Dedicated Fund 36 by \$1,345,464 to reduce capital budget authority for the purchase of computer replacements and software upgrades. (See Selected Fiscal and Policy Issues #7) • Decrease General Revenue-Dedicated Fund 36 by \$58,942 to reduce capital budget authority for the replace of four vehicles for the State Fire Marshal's Office. (See Selected Fiscal and Policy Issues #7) • Increase General Revenue-Dedicated Fund 36 by \$1,540,000 for the biennium with 14.0 FTEs each year for a Contingency Regulatory Response Rider. (See Selected Fiscal and Policy Issues #12 and Rider Highlights #24) • Increase General Revenue-Dedicated Fund 36 by \$87,340 to increase the Interagency Contract with the Office of Public Insurance Counsel. (See Selected Fiscal and Policy Issues #5)

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
CONSUMER EDUCATION AND OUTREACH A.1.1	\$0	\$0	\$0	0.0%	
RESOLVE COMPLAINTS A.2.1	\$0	\$0	\$0	0.0%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$0	\$0	\$0	0.0%	
INSURER FRAUD A.2.3	\$0	\$0	\$0	0.0%	
PROCESS RATES, FORMS & LICENSES A.3.1	\$0	\$0	\$0	0.0%	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$0	\$0	\$0	0.0%	
TEXAS ONLINE A.3.3	\$0	\$0	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$0	\$0	\$0	0.0%	
LONG-TERM CARE A.4.1	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.2	\$0	\$0	\$0	0.0%	
HEALTHY TEXAS A.4.3	\$0	\$0	\$0	0.0%	
CONTINGENCY PAYMENT AND DELIVERY A.4.4	\$0	\$0	\$0	0.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$0	\$0	\$0	0.0%	
INSURERS FINANCIAL CONDITION B.1.1	\$0	\$0	\$0	0.0%	
LOSS CONTROL PROGRAMS B.2.1	\$0	\$0	\$0	0.0%	
PROVIDER AND CONSUMER FRAUD B.2.2	\$0	\$0	\$0	0.0%	
WORKERS' COMPENSATION FRAUD B.2.3	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$0	\$0	\$0	0.0%	
FIRE PROTECTION C.1.1	\$566,500	\$0	(\$566,500)	(100.0%)	• Decrease Federal Funds by \$566,500 to eliminate the Assistance to Firefighters Grant, a one-year grant, in alignment with the agency's request. (See Selected Fiscal and Policy Issues #10)
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$566,500	\$0	(\$566,500)	(100.0%)	
OVERSIGHT AND ENFORCEMENT D.1.1	\$0	\$0	\$0	0.0%	
DISPUTE RESOLUTION D.1.2	\$0	\$0	\$0	0.0%	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$4,755,485	\$4,533,442	(\$222,043)	(4.7%)	• Decrease Federal Funds by \$222,043 to decrease the amount of the grant from the Office of Safety and Health Administration, in alignment with the agency's request. (See Selected Fiscal and Policy Issues #10)
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$0	\$0	\$0	0.0%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$4,755,485	\$4,533,442	(\$222,043)	(4.7%)	
CENTRAL ADMINISTRATION E.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES E.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES E.1.3	\$0	\$0	\$0	0.0%	
Total, Goal E, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$5,321,985	\$4,533,442	(\$788,543)	(14.8%)	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
CONSUMER EDUCATION AND OUTREACH A.1.1	\$386,636	\$8,856,706	\$8,470,070	2,190.7%	
RESOLVE COMPLAINTS A.2.1	\$0	\$0	\$0	0.0%	
INVESTIGATION AND ENFORCEMENT A.2.2	\$0	\$0	\$0	0.0%	
INSURER FRAUD A.2.3	\$21,363	\$22,344	\$981	4.6%	
PROCESS RATES, FORMS & LICENSES A.3.1	\$23,320	\$0	(\$23,320)	(100.0%)	
PROMOTE UNDERSERVED COVERAGE A.3.2	\$0	\$0	\$0	0.0%	
TEXAS ONLINE A.3.3	\$0	\$0	\$0	0.0%	
CERTIFY SELF-INSURANCE A.3.4	\$0	\$0	\$0	0.0%	
LONG-TERM CARE A.4.1	\$0	\$0	\$0	0.0%	
THREE-SHARE PROGRAMS A.4.2	\$1,500,000	\$0	(\$1,500,000)	(100.0%)	
HEALTHY TEXAS A.4.3	\$41,685,017	\$9,800,000	(\$31,885,017)	(76.5%)	
CONTINGENCY PAYMENT AND DELIVERY A.4.4	\$0	\$0	\$0	0.0%	
Total, Goal A, ACCESS TO AFFORDABLE INSURANCE	\$43,616,336	\$18,679,050	(\$24,937,286)	(57.2%)	
INSURERS FINANCIAL CONDITION B.1.1	\$250,000	\$250,000	\$0	0.0%	
LOSS CONTROL PROGRAMS B.2.1	\$0	\$0	\$0	0.0%	
PROVIDER AND CONSUMER FRAUD B.2.2	\$59,921	\$22,344	(\$37,577)	(62.7%)	
WORKERS' COMPENSATION FRAUD B.2.3	\$0	\$0	\$0	0.0%	
Total, Goal B, PROMOTE INSURER FINANCIAL STRENGTH	\$309,921	\$272,344	(\$37,577)	(12.1%)	
FIRE PROTECTION C.1.1	\$0	\$0	\$0	0.0%	
Total, Goal C, REDUCE LOSSES DUE TO FIRE	\$0	\$0	\$0	0.0%	
OVERSIGHT AND ENFORCEMENT D.1.1	\$1,085,584	\$208,000	(\$877,584)	(80.8%)	
DISPUTE RESOLUTION D.1.2	\$153,838	\$144,000	(\$9,838)	(6.4%)	
SUBSEQUENT INJURY FUND ADMIN D.1.3	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY SERVICES D.2.1	\$159,706	\$171,370	\$11,664	7.3%	
CUSTOMER SERVICE & RECORDS ADMIN D.2.2	\$419,656	\$418,000	(\$1,656)	(0.4%)	
Total, Goal D, REGULATE WORKERS' COMP SYSTEM	\$1,818,784	\$941,370	(\$877,414)	(48.2%)	
CENTRAL ADMINISTRATION E.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES E.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES E.1.3	\$0	\$0	\$0	0.0%	

Section 2

Department of Insurance
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
Total, Goal E, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
CONTINGENCY REGULATORY RESPONSE F.1.1	\$0	\$0	\$0	0.0%	
Total, Goal F, REGULATORY RESPONSE	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$45,745,041	\$19,892,764	(\$25,852,277)	(56.5%)	<ul style="list-style-type: none"> • Increase State Highway Fund No. 006, Other Funds, by \$8,454,532 for the transfer of the TexasSure funding from the Department of Motor Vehicles to the Texas Department of Insurance (See Selected Fiscal and Policy Issues #4 and Rider Highlights #22) • Increase Interagency Contract funding by \$2,943,983 for the Interagency Contract with the Health and Human Services Commission as part of the State Health Access Program (SHAP), in alignment with the agency's request. (See Selected Fiscal and Policy Issues #5) • Increase Interagency Contract funding by \$17,500 for the Interagency Contract with the Department of Aging and Disability Services to provide outreach to Texas seniors through the Health Information Counseling and Advocacy Program (HICAP). (See Selected Fiscal and Policy Issues #5) • Decrease Healthy Texas Small Employer Premium Stabilization Funding by \$34,829,000 for a program reduction. (See Selected Fiscal and Policy Issues #3, and Rider Highlights #23) • Decrease Appropriated Receipts by \$877,584 due to the unexpended balance of a grant from the Texas Mutual Insurance Company to TDI-DWC being spent in fiscal years 2010-11. The funds will not be available in fiscal years 2012-13. (See Selected Fiscal and Policy Issues #6) • Decrease Appropriated Receipts by \$61,708 due to an anticipated decrease in conference fees in alignment with the agency's request. (See Selected Fiscal and Policy Issues #8) • Decrease Appropriated Receipts by \$1,500,000 due to the one-time increase in collections of Insurance Fines in excess of the amount listed in the Biennial Revenue Estimate and in Rider. (See Selected Fiscal and Policy Issues #14 and Rider Highlights #15)

Section 3

Texas Department of Insurance Selected Fiscal and Policy Issues

1. **Self Leveling Funding.** The agency is required by statute to adjust taxes and fees to generate revenue equivalent to its appropriations and the appropriations made to the Office of Injured Employee Counsel (OIEC).
2. **Program Funding and Staffing Levels.** Reduction of \$3,625,049 in General Revenue – Insurance Maintenance Tax, \$6,378,379 in General Revenue – Dedicated Fund 36, and 94.0 FTEs across all agency programs. The total reduction is an amount equal to the 5 percent exemption the agency received in fiscal years 2010-11. (See Items Not Included in the Recommendations #1)
3. **Healthy Texas Program Funding.** Recommendations continue the Healthy Texas Program with funding from unexpended balances remaining in the Healthy Texas Small Employer Premium Stabilization Fund (Healthy Texas Fund) as of August 31, 2011. The 81st Legislature appropriated \$34,829,000 in General Revenue to the Healthy Texas fund. The fund balance at the end of fiscal year 2011 is anticipated to be \$17,429,000. Recommendations add a rider to provide unexpended balance authority across bienniums for the Healthy Texas Fund, not to exceed \$34,829,000, thereby authorizing the agency to spend the balance of the fund. (See Item #5a below and Rider Highlights #23)
4. **TexasSure Program Funding Transfer with Capital Budget Authority.** Recommendations transfer \$8,454,532 in State Highway Fund No. 006 from the Department of Motor Vehicles (DMV) to the TDI for the on-going maintenance of the TexasSure Motor Vehicle Financial Responsibility Verification Program (TexasSure). Pursuant to statute, TDI is the lead agency on this project in coordination with the Department of Public Safety and DMV. Historically, either the Texas Department of Transportation or DMV have been appropriated the funds and have paid the expenditures that TDI incurred for this project. The program is funded with a statutorily required \$1 fee on motor vehicle registrations. Recommendations transfer the appropriations to TDI, create a capital budget project for the maintenance of the project, and include a new rider in the TDI's bill pattern stating the purpose of the funds. (See Rider Highlights #22)
In its request, the agency reported the following allocation history by fiscal year:
 - \$971,869 expended in fiscal year 2007.
 - \$4,741,079 expended in fiscal year 2008.
 - \$3,555,432 expended in fiscal year 2009.
 - \$3,239,627 expended in fiscal year 2010.
 - \$4,265,187 budgeted in fiscal year 2011.
 - \$4,225,766 recommended in fiscal year 2012.
 - \$4,228,766 recommended in fiscal year 2013.
5. **Interagency Contracts.**
 - a) **Health and Human Services Commission.** Recommendations increase the Interagency Contract with the Health and Human Services Commission by \$2,943,983, in alignment with the agency's request. This contract is part of the State Health Access Program (SHAP) which provides access to affordable health coverage to uninsured individuals through a reinsurance approach that subsidizes a certain share of carrier losses within a certain risk corridor, and through implementation of cost sharing accounts. The funds are used in the Healthy Texas Program. (See Item #3 above)

Section 3

- b) Department of Aging and Disability Services. Recommendations increase the Interagency Contract with the Department of Aging and Disability Services (DADS) by \$17,500 to annualize the contract at the fiscal year 2011 amount, in alignment with the agency's request. With this funding, TDI provides outreach to Texas seniors through the Health Information Counseling and Advocacy Program.
 - c) Office of Public Insurance Counsel. Recommendations increase General Revenue – Insurance Maintenance Tax funding for an increase in the transfer to the Office of Public Insurance Counsel (OPIC). The recommendations fully fund OPIC's consumer information functions with Interagency Contract funding. The increase in Interagency Contracts funding of \$87,340 above the 2010-11 budgeted level is offset with an equivalent decrease in General Revenue in OPIC's budget.
6. **TDI-Division of Workers' Compensation Grant**. Recommendations decrease Appropriated Receipts by \$877,584 due to the expenditure of one-time grant funds provided by the Texas Mutual Insurance Company to TDI-Division of Workers Compensation. TDI-DWC was originally gifted \$2,198,000 in fiscal year 2004 for the purpose of implementing proven strategies to reduce medical over-utilization in the workers' compensation system thereby directly reducing medical costs. Remaining balances from the gift have been carried forward each subsequent year and made available through unexpended balance authority to allow all the funds to be expended for the intended purpose. The total amount is anticipated to be expended in fiscal year 2011., since no additional funds have been received for this purpose during the last 7 years.
7. **Capital Budget Authority**. Recommendations reduce capital budget funding and authority by \$599,560 in General Revenue – Insurance Maintenance Tax and \$1,404,406 in General Revenue – Dedicated Fund 36. Recommendations decrease General Revenue – Insurance Maintenance by \$492,166 and General Revenue-Dedicated Fund 36 by \$1,345,464 and reduce capital budget authority for the replacement of computers and software. Recommendations decrease General Revenue – Insurance Maintenance Tax by \$107,394 and General Revenue- Dedicated Fund 36 by \$58,942 and reduce capital budget authority for the replacement of four vehicles for the State Fire Marshal's Office. (See Rider Highlights #2)
8. **Surplus Property and Conference Fees**. The recommendations decrease General Revenue – Insurance Maintenance Tax by \$6,366 for one-time surplus property revenue and decrease other funds by \$61,708 due to an anticipated decrease in conference fees.
9. **Federal Health Care Reform**. The agency's workload will increase due to the implementation of Federal Health Care Reform which includes changes in insurance regulation and the creation of a health insurance exchange. The agency has not estimated any potential costs associated with the establishment of an exchange due to the uncertainty of the impact. At this time, the overall impact of Federal Health Care Reform is uncertain and these recommendations do not include adjustments to performance measures or funding related to the reform. Recommendations provide contingency funding that can be activated for significant changes in demands for Federal Health Care Reform implementation. (See item #12 and #16 below)
10. **Federal Funds Decrease**.
- a) Recommendations decrease Federal Funds by \$566,500 to eliminate the Assistance to Firefighters, Fire Prevention and Safety Grant, a one-year grant from the Federal Emergency Management Agency, in alignment with the agency's request. The agency used the grant to educate Texas university students about fire safety, escape planning, and life saving, in part, by expanding its existing *Have an Exit Strategy* program to all public university campuses in the state.

Section 3

b) Recommendations decrease Federal Funds by \$222,043 due to an anticipated decrease in grant funds from the Office of Safety and Health Administration, in alignment with the agency's request. The grant provides funding for consultation services, including training and education, whereby employers, particularly those with smaller businesses and with high-hazard workplaces, receive assistance improving workplace safety.

11. **Administrative Attachment: Texas Commission on Fire Protection.** Recommendations include administratively attaching the Texas Commission on Fire Protection (TCFP) to the Texas Department of Insurance. All administrative functions other than that of the Executive Director are recommended to be transferred to TDI. General Revenue – Maintenance Tax appropriations to TCFP are decreased by \$1,400,757 for the biennium along with a decrease of 11.0 FTEs each year. Recommendations do not increase appropriations to TDI or the agency's FTE cap for this function. (See Rider Highlights #20)
12. **Contingency Regulatory Response Rider.** Recommendations include a new Contingency Regulatory Response Rider to be activated for a significant change in insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster in Texas, a public health crisis, a fire that has been declared as a disaster situation, and non-weather related disasters. The contingency regulatory response rider includes an increase of \$2,860,000 in General Revenue – Insurance Maintenance Tax and \$1,540,000 General Revenue – Dedicated Fund 36 over the biennium, an increase in FTE authority of 40.0 each year and a new goal and strategy. (See Rider Highlights #24)
13. **Contingency Rider: Payment and Delivery System Pilot Program.** Recommendations increase funding by \$900,000 in General Revenue – Insurance Maintenance Tax and the FTE cap by 1.0 FTE each year through a Contingency Rider to develop a Payment and Delivery System Pilot Program. (See Performance Review and Policy Report Highlights and Rider Highlights #18)
14. **Three Share Program Funding.** Rider 15, Three-Share Premium Assistance Programs, was amended to reflect additional appropriation authority for TDI previously included in Art. IX, Sec. 17.08. Out of funds collected from health insurers for fines, penalties, and sanctions, TDI is appropriated an amount not to exceed \$1,500,000 each year out of amounts collected in excess of those contained in the Biennial Revenue Estimate (BRE). During fiscal year 2010, amounts in excess of the BRE were collected and TDI received an additional \$1,500,000 in Appropriated Receipts. Since this increase in 2010-11 spending exceeds the revenue estimate for 2012-13, recommendations do not include this amount. (See Rider Highlights #15)
15. **Sunset Review.** The agency is currently undergoing Sunset review. The agency was under Sunset review during the 81st Legislative Session and was continued in the 81st First Called Special Session for two years. (See item #9 above and Rider Highlights #17)
16. **Request to Exceed.**
FTE Cap. In fiscal year 2010, the agency submitted a request to exceed the FTE cap by 6.0 FTEs for additional liquidation oversight and title examiners. The increase was approved by the LBB and the Governor's Office of Budget Planning and Policy on May 7, 2010. The positions are funded by estates that are in court ordered receivership and by the Texas Title Insurance Guaranty Association. Recommendations reduce the FTE cap by 6.0 FTEs and increase the FTEs authorized in Rider 5 that the agency can hire for liquidation oversight and title examiners by 6.0 each year. (See Rider Highlights #5)
Capital Budget Authority. The agency requested to exceed its capital budget authority by \$230,000 in fiscal year 2011 due to the receipt of Federal Funds to provide consumer assistance pursuant to Federal Healthcare Reform. At this time, the LBB and Governor's Office of Budget, Planning, and Policy are processing this request.

Section 3

17. **Budget Structure Change and Performance Measures.** Recommendations include amending the agency’s budget structure and performance measures to add transparency and clarity. The changes included combining similar programs under one goal and deleting performance measures that were invalid given changes in insurance reform. The vast majority of performance measure edits were non-substantive.

Fiscal Years 2010 – 11	Fiscal Years 2012-13 Recommendations
9 Goals	5 Goals
25 Strategies	25 Strategies
131 Performance Measures	112 Performance Measures

18. **Catastrophe Reserve Trust Fund.** The agency maintains the Catastrophe Reserve Trust Fund (CRTF) which helps fund Texas Windstorm Insurance Association claims. The fund is held outside the state treasury and is administered by the Texas Treasury Safekeeping Trust Company on behalf of TDI. The fund balance for fiscal years 2012-13 is expected to be \$988,164,588. The Commissioner of Insurance makes rules for the CRTF, which establish the procedures related to the disbursement of money from the Fund to policyholders in the event of catastrophes.
19. **Subsequent Injury Fund.** Recommendations include appropriations of \$8,840,280 over the biennium from the General Revenue – Dedicated Subsequent Injury Account No. 5101. Revenue is received from compensable death benefit payments for claims in which there is no beneficiary. The funds are expended for the payment of lifetime income benefits to eligible injured workers for their second injury, reimbursements to insurance carriers for overpayment of benefits, and multiple employment reimbursements when the worker is injured on one job and out of work on both jobs. If liabilities exceed appropriations, the agency may submit a finding of fact to the Comptroller of Public Accounts. If the Comptroller approves the finding of fact, the appropriations will increase to pay claims as needed.

Section 4

Texas Department of Insurance (TDI)
Performance Review and Policy Report Highlights

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
Reform Healthcare Payment and Delivery Systems to Reduce State Expenditures	193					
1. Amend statute to require the commissioner to appoint an advisory committee to create a plan that prioritizes healthcare cost and quality outcomes and related measurement methodologies for use in public and private payment and delivery reform demonstrations and pilots. Include a contingency rider to rider to provide \$900,000 in General Revenue - Insurance Maintenance Tax as start-up funding for up to 3-5 pilot programs to test payment and delivery system reforms and 1.0 FTE.		(\$900,000)	\$900,000	GR	Rider 18 (Contingency)	Amend Insurance Code.
Develop A Health Insurance Exchange to Comply with Federal Standards	457					
1. Amend statute to create a quasi-public state entity under the auspices of the Texas Department of Insurance to develop and operate a health insurance exchange in Texas.		TBD		GR	No	Amend Insurance Code.
2. Amend statute to authorize the Texas Department of Insurance to assess a fee on health insurance plans to support development and operation of a health insurance exchange in Texas.			TBD	GR	No	Amend Insurance Code.
3. Require the Texas Department of Insurance to analyze and report on the estimated cost to the state of maintaining state-mandated health insurance benefits if the state operates a health insurance exchange. The report should include any rationale for and future costs to the state of maintaining those mandates.		TBD		GR	Rider 19 (Contingency)	Enactment of legislation relating to developing a health insurance exchange operated by the State.

Section 5

Texas Department of Insurance Rider Highlights

2. **Capital Budget.** Recommendations reduce capital budget authority for the purpose of computer replacement, and four new vehicles for the State Fire Marshal's Office. (See Selected Fiscal and Policy Issues #7)
5. **Liquidation Oversight and Title Examiner Full-Time Equivalent Positions.** Recommendations increase the FTEs in the rider from 32.5 to 38.5 in alignment with the approved Request to Exceed the FTE cap that the agency received during the 2010-11 biennium. (See Selected Fiscal and Policy Issues #16)
11. **Increase Consumer Choice.** Recommendations increase the amount of interagency contract funds with the Office of Public Insurance Counsel from \$48,000 to \$91,670 each fiscal year. (See Selected Fiscal and Policy Issues #5)
15. **Three-Share Premium Assistance Program.** Recommendations continue this rider and move it from Article IX, Sec. 17.08, into the TDI bill pattern. (See Selected Fiscal and Policy Issues #14)
17. **Sunset Contingency Rider.** Recommendations include a rider making agency appropriations in 2013 contingent upon the continuation of the agency and requiring appropriations for 2012 to be used to provide for the phase out of agency operations if the agency is not continued. (See Selected Fiscal and Policy Issues #15)
18. **(former) Health Insurance Premiums.** Recommendations delete this rider which was implemented during the current biennium.
18. **(new) Contingency Rider: Payment and Delivery System Pilot Program.** Recommendations include a new contingency rider with a new strategy, funding and 1.0 FTE each year for Payment and Delivery System pilot programs. The rider, strategy, funding and FTE would be contingent upon a bill passing authorizing the pilot programs. (See Selected Fiscal and Policy Issues #13 and Performance Review and Policy Report Highlights)
19. **(former) Study of Data Mining.** Recommendations delete this rider which was implemented during the current biennium for the purpose of reviewing and producing a report on the use of data mining and pattern recognition practices used to predict expected losses.
19. **(new) Mandated Health Benefits Report.** Recommendations include a new rider requiring TDI to conduct a study and produce a report on the estimated cost to the state of maintaining any health benefits that the state will pay for in the federally mandated exchange. (See Performance Review and Policy Report Highlights)
20. **(old) Coverage Reductions.** Recommendations delete this rider which was implemented during the current biennium to determine the impact of the adoption of approved national forms on the level of protection offered by homeowners insurance policies.

Section 5

20. **(new) Interagency Agreement.** Recommendations include a new rider specifying the details of the administrative support that the Texas Department of Insurance will provide to the Texas Commission on Fire Protection. (See Selected Fiscal and Policy Issues #11)
21. **(new) Self-Leveling Agency Fee Change Notification Requirements.** Recommendations move this rider from the Special Provisions in Article VIII to TDI's bill pattern. TDI is now the only self-leveling agency in Article VIII. The Department of Banking, Office of Consumer Credit Commissioner, Credit Union Department, and Department of Savings and Mortgage have been removed from the rider pursuant to the enactment of House Bill 2774, 81st Legislature, Regular Session, which resulted in the agencies becoming self-directed and semi-independent and therefore, remove the agencies from the legislative budgeting process and enable the agencies to operate outside the provisions of the 2012-13 General Appropriations Act. (See Selected Fiscal and Policy Issue #1)
22. **(new) TexasSure.** Recommendations include a rider listing the amounts appropriated to the TexasSure program from State Highway Fund No. 006. (See Selected Fiscal and Policy Issue #4)
23. **(new) Appropriation of Unexpended Balances: Healthy Texas Program.** Recommendations include a rider providing unexpended balance authority to allow the agency to carry any unobligated and unexpended appropriation balance authority from the Healthy Texas Small Employer Premium Stabilization Fund, in an amount not to exceed \$34,829,000, remaining at the end of the second year of the 2010-11 biennium into the first year of the 2012-13 biennium. (See Selected Fiscal and Policy Issues #3)
24. **(new) Contingent Regulatory Response Rider.** Recommendations include a new rider providing the agency with a contingent appropriation of \$2,200,000 in each fiscal year and 40.0 FTEs to be activated for a significant change in insurance regulatory environment, demands of federal healthcare reform implementation, a weather related disaster in the State of Texas, a public health crisis, a fire that has been declared as a disaster situation, and non-weather related disasters. (See Significant Fiscal and Policy Issues #12)

Section 6

**Department of Insurance
Items not Included in Recommendations**

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
1. Increase funding in an amount equivalent to the 5 percent of the agency's 2010-11 appropriations associated with insurance regulation and the agency's FTE cap. a) \$3,635,406 in General Revenue - Insurance Maintenance Tax. b) \$1,970,498 in General Revenue-Dedicated Fund 36. c) 38.0 FTEs across all programs.	\$ 5,605,904	\$ 5,605,904
2. Increase funding and the FTE cap for the administrative attachment of the Texas Commission on Fire Protection. a. \$235,245 in General Revenue - Insurance Maintenance Tax in fiscal year 2012. b. \$226,477 in General Revenue - Insurance Maintenance Tax in fiscal year 2013. c. 1.0 FTE each year of the 2012-13 biennium.	\$ 461,722	\$ 461,722
3. Unexpended Balance Authority within the Biennium for the Healthy Texas Premium Stabilization Fund. Rider 23 grants unexpended balance authority not to exceed \$34,829,000 across the biennium for the Healthy Texas Fund. The agency's requested rider would allow the agency to carry any unexpended balances in the Healthy Texas Premium Stabilization Fund forward from 2012 to 2013.	\$ -	\$ -
4. Add a new rider, Fire Safety Cigarette's Penalties, that would appropriate an amount not to exceed \$100,000 each fiscal year out of GR-Dedicated Fire Prevention and Public Safety Account No. 5138 to the Texas Department of Insurance. Additional appropriations would provide the TDI's State Fire Marshal's office with additional funding to support fire safety and prevention programs.	\$ 200,000	\$ 200,000

Section 6

**Department of Insurance
Items not Included in Recommendations**

5. Add a new rider, Medical Fee Disputes, that would appropriate \$2,100,000 in fiscal year 2012 out of GR Dedicated, Texas Department of Insurance Operating Fund Account No. 036 to the Department of Insurance - Division of Workers' Compensation for the purpose of financing the cost of appeals of medical disputes, including appeals handled at the State Office of Administrative Hearings. The agency requests that any unexpended balances at the end of August 31, 2012 would be carried forward into fiscal year 2013.

2012-13 Biennial Total			
GR & GR- Dedicated		All Funds	
\$	2,100,000	\$	2,100,000
\$ 8,367,626		\$ 8,367,626	

Total, Items Not Included in the Recommendations