

**DEPARTMENT OF INSURANCE**

Charles Cohen, Director

A.R.S. § 20-101

JLBC Analyst: Pat Mah

<b>General Fund</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Estimate</b>	<b>FY 2001 Approved</b>
FTE Positions	107.0	107.0	111.0 <sup>1/</sup>
Personal Services	2,620,500	2,794,600	2,851,700
Employee Related Expenditures	552,500	602,100	628,200
Professional and Outside Services	8,100	15,000	15,000
Travel - In State	5,600	4,200	6,100
Travel - Out of State	15,300	10,100	10,100
Other Operating Expenditures	699,700	758,700	791,900
Equipment	414,500	19,500	10,500
<b>Operating Subtotal</b>	<b>4,316,200</b>	<b>4,204,200</b>	<b>4,313,500</b>
Insurance Rate Publication	14,200	0	0
Fraud Unit	1,057,800	1,106,900	1,136,100
<b>Total</b>	<b>5,388,200</b>	<b>5,311,100</b>	<b>5,449,600</b>
<b>Additional Appropriations -</b> Health Care Plans; Oversight, Ch. 355	<u>0</u>	<u>0</u>	<u>500,000</u> <sup>2/</sup>
<b>Total Appropriations</b>	<b>5,388,200</b>	<b>5,311,100</b>	<b>5,949,600</b> <sup>3/</sup>

**Agency Description** — *The department regulates the insurance industry. The department's major duties include solvency regulation, collection and audit of insurance premium taxes, agent licensing, company certification, consumer assistance, complaint resolution, rate and policy form regulation, and administration of companies in receivership. The department collects various filing and licensing fees, which are deposited to the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.*

**Additional Appropriations: Health Care Plans; Oversight (Chapter 355)** — Appropriates non-lapsing funds of \$500,000 from the General Fund and 4 FTE Positions in FY 2001 to establish a consolidated regulatory structure in the department for overseeing Health Care Service Organizations (HCSO's). Under the new legislation, the department will continue its financial and licensing regulatory functions for HCSO's. In addition, the department takes over the regulatory responsibilities of health care service delivery, which previously was assigned to the Department of Health Services (DHS).

The legislation also authorizes the Insurance Director to assess a one-time fee of \$200 per health care insurer to pay for start up costs related to selecting an independent review organization to conduct external independent reviews that involve issues of medical necessity. It has been the responsibility of individual health care insurers to select their own independent reviewers. For ongoing costs of the new responsibility, the Insurance Director is authorized to collect up to \$200 per year from each health care insurer. These non-appropriated funds are to be credited to a new

Health Care Appeals Fund and used to pay for an FTE Position authorized by the bill to assist in the new duties.

**Additional Legislation: Prepaid Dental Plan Organizations (Chapter 339)** — Transfers \$133,000 and 2 FTE Positions from DHS to the Department of Insurance beginning in FY 2002. The transferred General Fund monies and staff are for assuming regulatory responsibilities for dental care service delivery previously conducted by DHS. The new responsibilities are in addition to the financial and licensing activities historically performed by the Department of Insurance.

[Click here for more information from the initial biennial appropriations report \(June 1999\)](#)

<sup>1/</sup> Includes 16 FTE Positions funded from Special Line Items in FY 2001.

<sup>2/</sup> This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

<sup>3/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.