

**FY 2015-16: DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES**
Summary: Senate Passed
Article XI, Senate Bill 133 (S-1) as Amended



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| | FY 2014-15 YTD as of 3/12/15 | FY 2015-16 Executive | FY 2015-16 House | FY 2015-16 Senate | FY 2015-16 Enacted | Difference: House From FY 2014-15 YTD | |
|-------------------|---------------------------------|-------------------------|---------------------|----------------------|-----------------------|--|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$707,600 | \$707,600 | \$707,600 | \$707,600 | | \$0 | 0.0 |
| Federal | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | | 0 | 0.0 |
| Local | 0 | 0 | 0 | 0 | | 0 | -- |
| Private | 0 | 0 | 0 | 0 | | 0 | -- |
| Restricted | 62,427,100 | 62,200,100 | 62,200,100 | 62,200,100 | | (227,000) | (0.4) |
| GF/GP | 55,000 | 150,000 | 150,000 | 55,000 | | 0 | 0.0 |
| Gross | \$65,189,700 | \$65,057,700 | \$65,057,700 | \$64,962,700 | | (\$227,000) | (0.3) |
| FTEs | 343.0 | 343.0 | 343.0 | 343.0 | | 0.0 | 0.0 |

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5, House Bill 4110, and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, evaluating, and promoting the insurance and financial industries operating within the state and providing consumer protection for Michigan residents by managing consumer information and inquiries and investigating consumer complaints. DIFS administers, implements, and enforces state statutes pertaining to state-chartered banks and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; all insurance companies and agents, and health maintenance organizations. DIFS was created by Executive Order 2013-1 through the transfer of the authority, powers, duties, functions, and responsibilities of the former Office of Financial and Insurance Regulation and functions of the Autism Coverage Reimbursement Program from the Department of Licensing and Regulatory Affairs.

NOTE: Information on House budget actions in this document is based on House Bill 4102 (H-1) as amended and passed by the House.

| Major Budget Changes From FY 2014-15 YTD Appropriations | | FY 2014-15 Year-to-Date (as of 3/12/15) | FY 2015-16 Senate Change |
|--|--------------|--|---|
| 1. Report on Healthy Michigan Plan Impact on Insurance Rates | Gross | \$55,000 | \$0 |
| <u>Executive</u> increases GF/GP spending authorization to support departmental expenses to evaluate and issue an annual report on the impact of expanding medical coverage via the Healthy Michigan Plan (i.e. Medicaid Expansion/Reform) on the cost of uncompensated care as it relates to changes in health insurance rates, pursuant to Section 105d of The Social Welfare Act (as amended by 2013 PA 107). 2014 PA 252 appropriated \$55,000 for the initial baseline report, included as ongoing for FY 2015-16, resulting in a recommended total of \$150,000 for the aforementioned evaluation and report. <u>House</u> concurs. <u>Senate</u> rejects. | GF/GP | \$55,000 | \$0 |
| 2. Michigan Business One Stop Charges | Gross | \$78,500 | (\$78,500) |
| <u>Executive</u> decreases spending authorization for information technology charges by the Department of Technology, Management, and Budget, resultant from the elimination of the Michigan Business One Stop web portal and call center pursuant to 2014 PA 252. <u>House</u> and <u>Senate</u> concur. | Restricted | 78,500 | (78,500) |

| <u>Major Budget Changes From FY 2014-15 YTD Appropriations</u> | <u>FY 2014-15 Year-to-Date (as of 3/12/15)</u> | <u>FY 2015-16 Senate Change</u> |
|--|--|---|
| 3. Technical Adjustments | FTE 42.0 | 0.0 |
| <u>Executive</u> includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>House</u> and <u>Senate</u> concur. | Gross \$11,879,300 | \$0 |
| | Restricted 11,879,300 | 0 |
| 4. Economic Adjustments | Gross | NA |
| <u>Executive</u> includes adjustments to reflect net cost reduction for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> and <u>Senate</u> concur. | Restricted | (\$148,500) (148,500) |

Major Boilerplate Changes From FY 2014-15

Sec. 205. Benchmarks for New Programs or Program Expansions – REVISED

Requires DIFS to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget. Executive eliminates. House retains. Senate includes reference to a statutory scorecard requirement, changes benchmarks into program-specific metrics, and removes intent language.

Sec. 229. Department Scorecard Website – REVISED

Requires DIFS to maintain a department scorecard website that identifies, updates, and tracks key metrics to monitor the department's performance. Senate adds requirement that scorecard include metrics on annual rate filings by health insurers.

Sec. 240. Filled FTE Report – RETAINED

Stipulates that the Legislature intends that DIFS does not use FTE positions as spending placeholders and requires DIFS to provide a report specifying the quarterly number of filled FTE positions by line item and indicating FTEs allocated to economic development activities during the preceding fiscal year. Executive eliminates. House concurs. Senate retains.

Sec. 245. Healthy Michigan Plan Accounting Structure – REVISED

Requires DIFS in conjunction with the Department of Community Health (DCH) to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires DIFS to provide the Legislature with relevant accounting scripts and reports. Executive eliminates. House retains, but removes requirement to provide Legislature with relevant scripts and reports. Senate revises reporting dates.

Sec. 246. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – REVISED

Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939 and requires DIFS to acquire at least two bids prior to expending the appropriation. Executive eliminates. House and Senate retain, but remove requirement to obtain at least two bids.

Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – REVISED

Requires DIFS to submit a report pertaining to the number of claims approved for reimbursement within each county, the amount expended for reimbursement of each carrier, and the average age of patients for reimbursed claims under the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Executive eliminates. House retains. Senate removes average age of patients from report and adds requirement to report on detailed claims statistics.

Various Sections Deleted by Executive, Retained by House and Senate

Executive eliminates Secs. 212, 215, 219, 232, 310; House and Senate retain.