



Background Briefing

Insurance and Financial Services

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December 2014

DIFS Overview

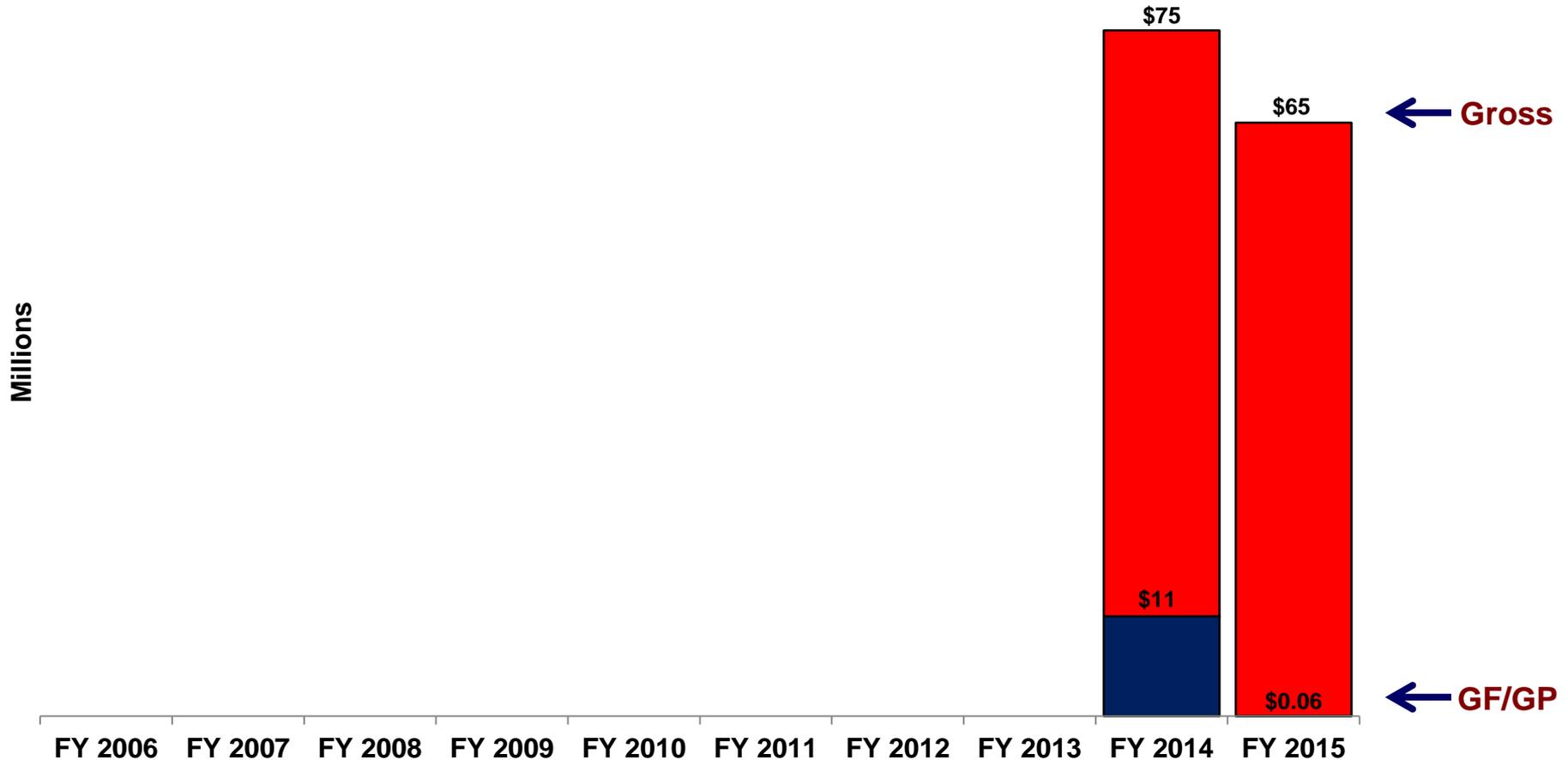
The Department of Insurance and Financial Services (DIFS) is responsible for licensing, evaluating, regulating, and promoting the insurance and financial industries operating within the state and providing consumer protection for Michigan residents by managing consumer information and inquiries and investigating consumer complaints.

DIFS administers, implements, and enforces state statutes pertaining to state-chartered banks, credits unions, mortgage lenders, consumer finance entities, insurance companies and agents, health maintenance organizations, and various consumer finance entities.

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.

DIFS Historical Appropriations

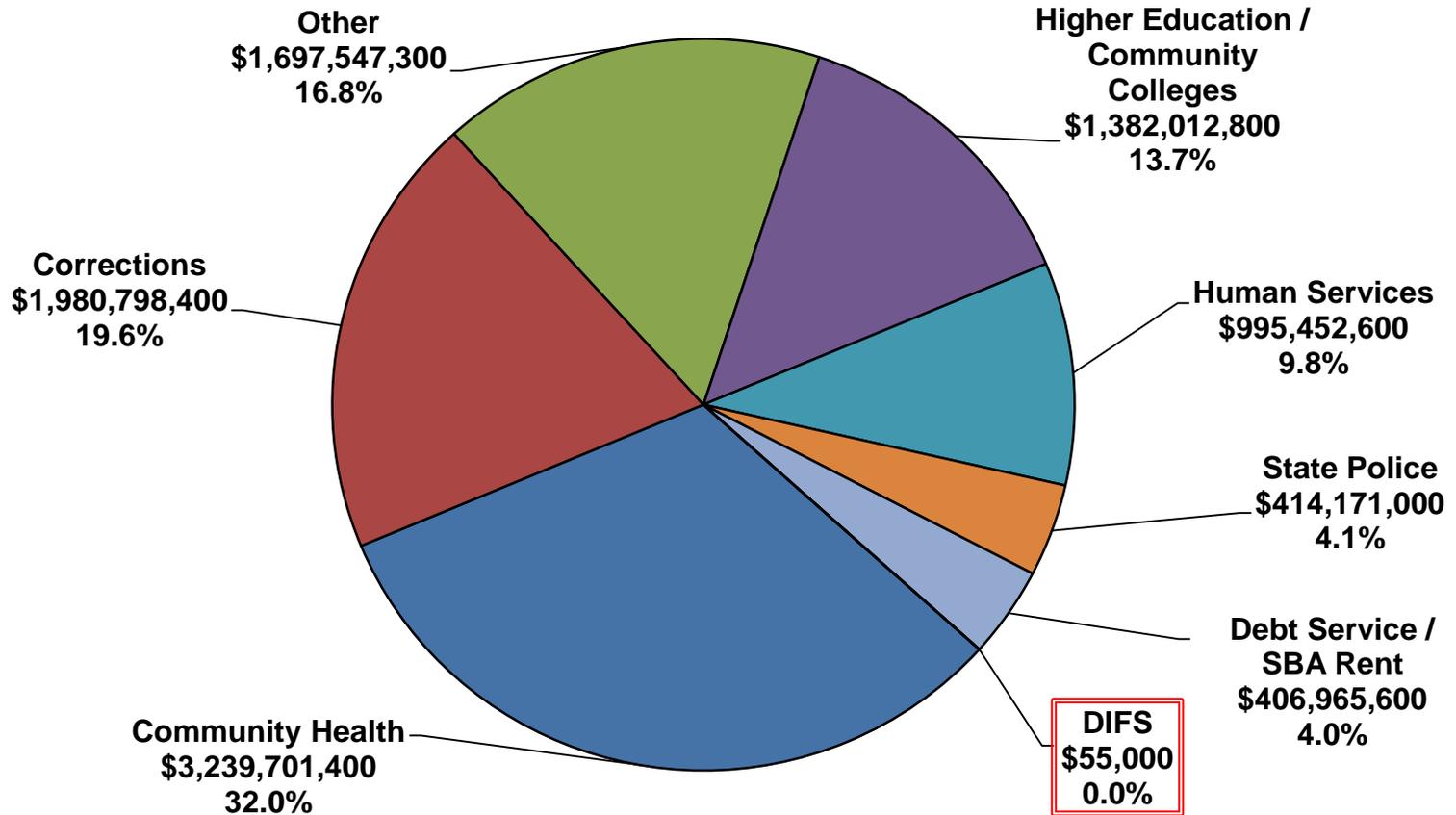
FY 2014-15 decrease in GF/GP due to eliminate of appropriation to the Autism Coverage Fund because the Fund's existing reserves are sufficient to support future reimbursements of health insurance carriers



DIFS Share of State GF/GP

DIFS makes up a trivial amount of the total state GF/GP budget

FY 2014-15 Statewide GF/GP Total = \$10,116,704,100

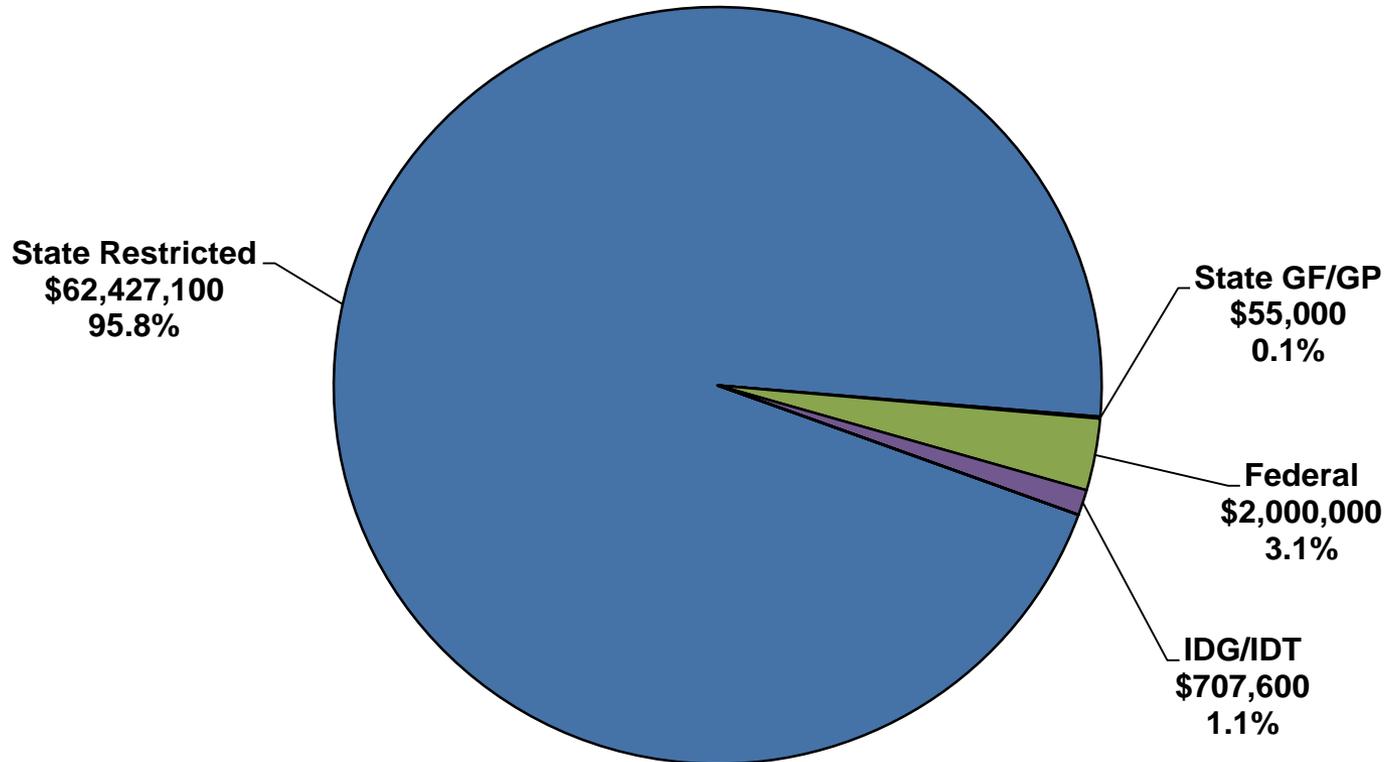


SOURCES OF FUNDING

DIFS Funding Sources

State restricted funds (e.g. regulatory fees)
constitute 95.8% of DIFS revenues

FY 2014-15 DIFS Total Appropriation = \$65,189,700



DEPARTMENT APPROPRIATIONS

DIFS Appropriation Units

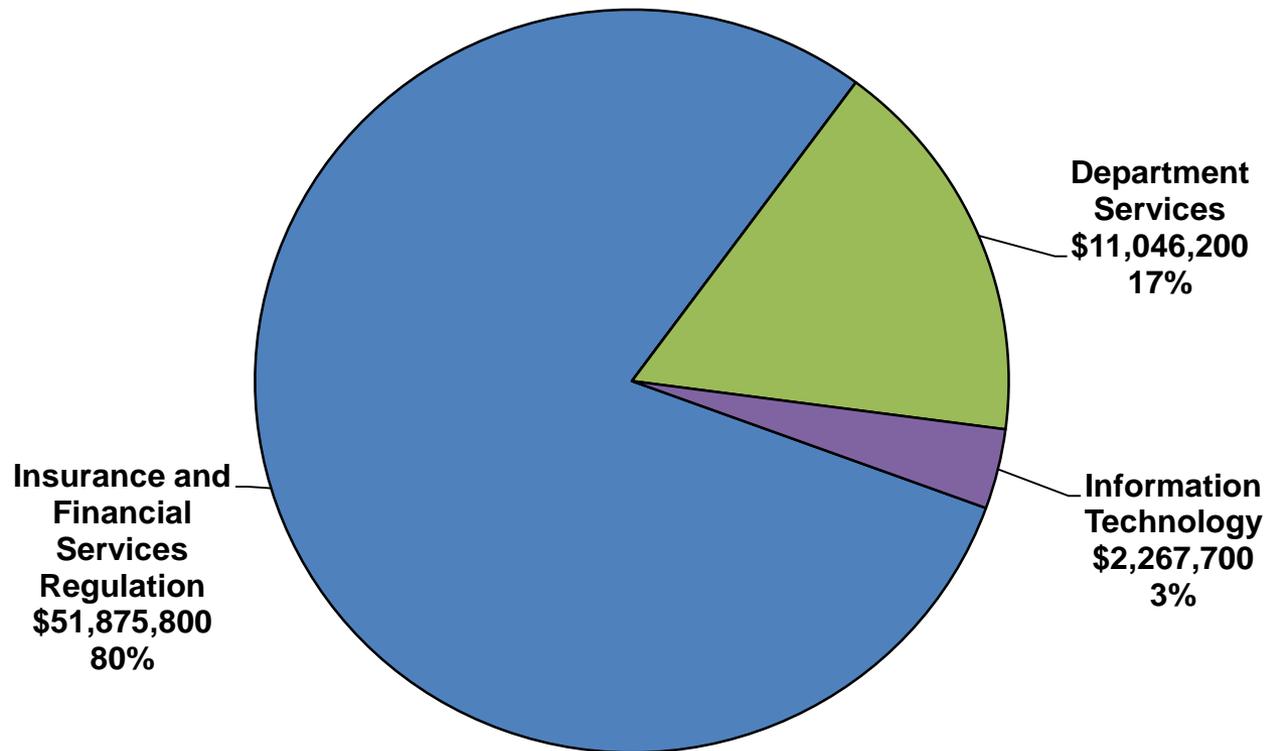
The DIFS budget is allocated into these appropriation units:

- Department Services
- Insurance and Financial Services Regulation
- Information Technology

DIFS Appropriation

**Insurance and Financial Services Regulation
constitutes 79.6% of the DIFS appropriation**

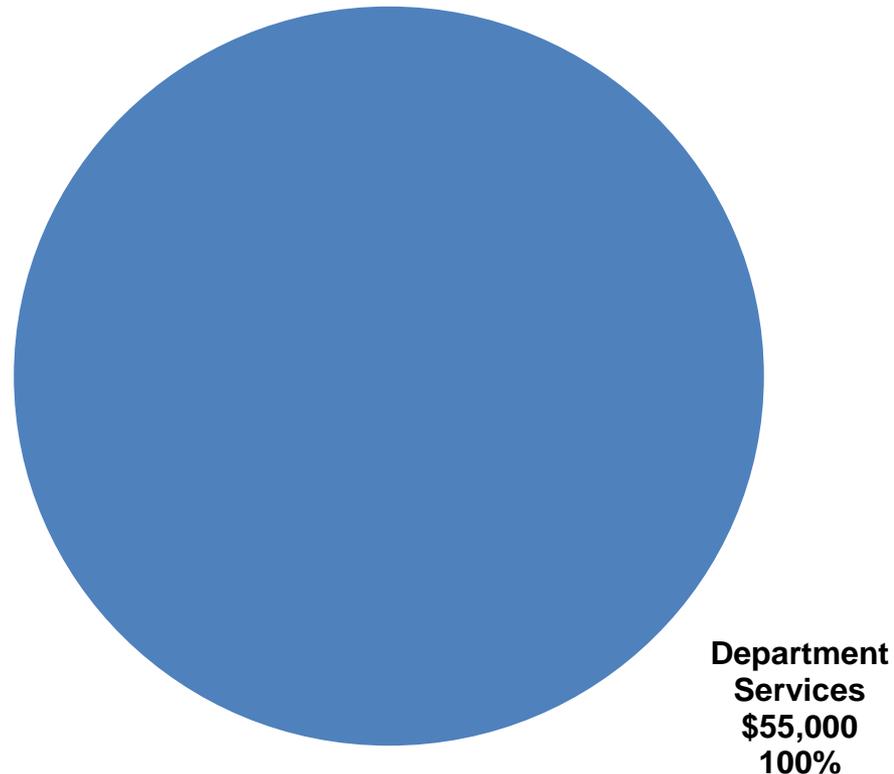
FY 2014-15 DIFS Appropriation = \$65,189,700



DIFS GF/GP Appropriation

The only GF/GP funding appropriated for DIFS is to partially support reporting and staffing costs associated with the Healthy Michigan Plan

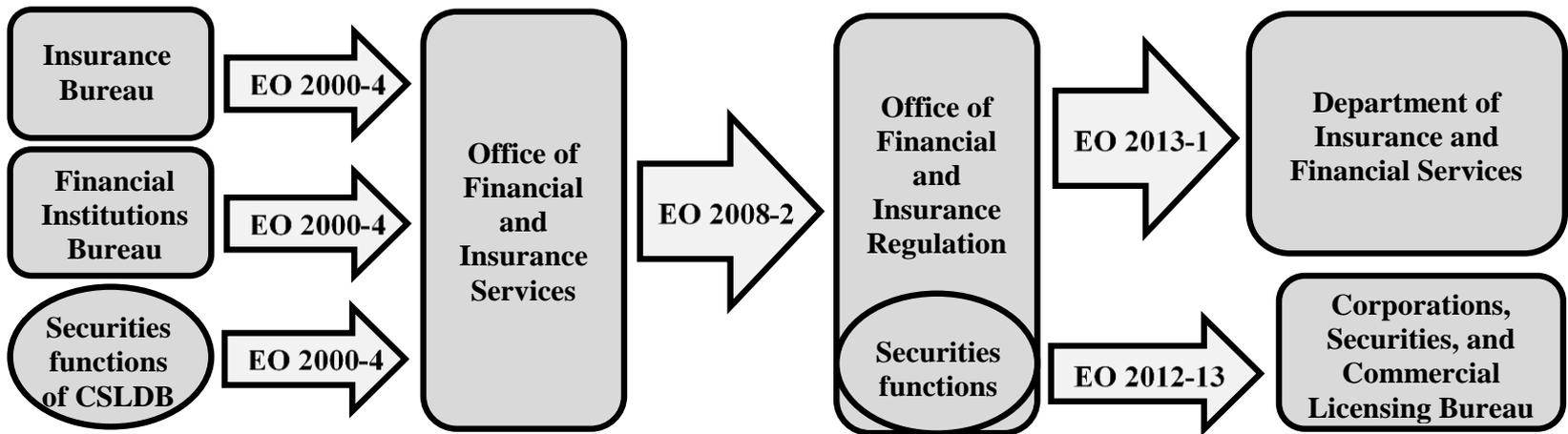
FY 2014-15 DIFS GF/GP Appropriation = \$55,000



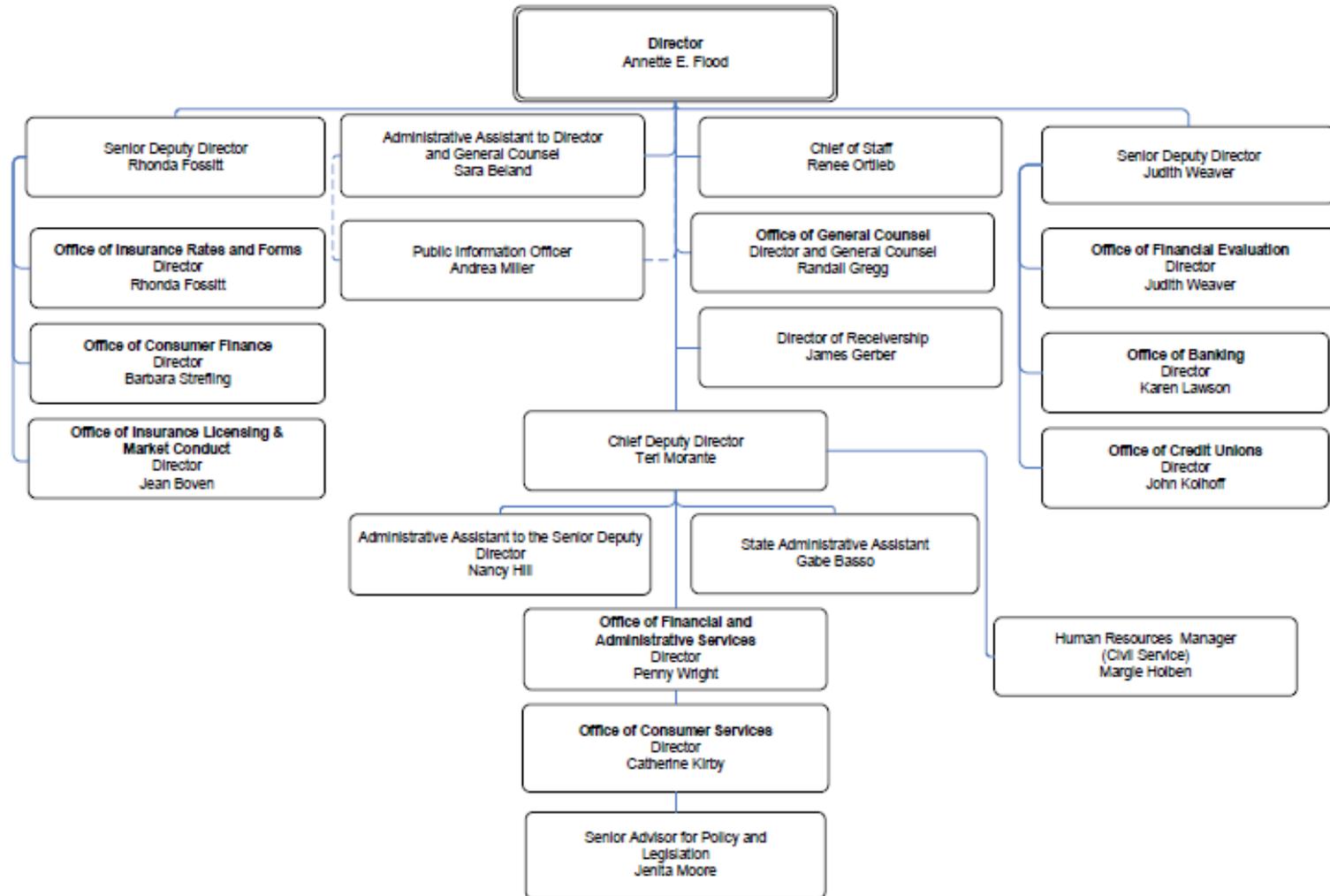
MAJOR BUDGET TOPICS

DIFS Organizational History

DIFS is the successor to the Office of Financial and Insurance Regulation (OFIR) which was preceded by the Office of Financial and Insurance Services which was synthesized from the Insurance Bureau, Financial Institutions Bureau, and the securities functions of the former Corporation, Securities, and Land Development Bureau. DIFS retains all of the authority, powers, duties, functions, and responsibilities of OFIR except for the enforcement of financial securities regulations by the Securities Division which was transferred to the Corporations, Securities, and Commercial Licensing Bureau within LARA.



DIFS Organizational Chart



DIFS Offices

DIFS is organized into the following offices:

- Office of Banking
- Office of Consumer Finance
- Office of Consumer Services
- Office of Credit Unions
- Office of Insurance Evaluation
- Office of Insurance Rates and Forms
- Office of Insurance Licensing and Market Conduct
- Office of Finance and Administrative Services
- Office of Policy
- Office of General Counsel

DIFS Sources of Funding

State Restricted Revenues

Comprised of various licensing and regulatory fees and fines levied on individuals and entities engaged in the insurance and financial industries regulated under DIFS.

Federal Revenues

Comprised of grants from the Department of Health and Human Services for health insurance activities related to the federal Patient Protection and Affordable Care Act.

State General Fund Revenue

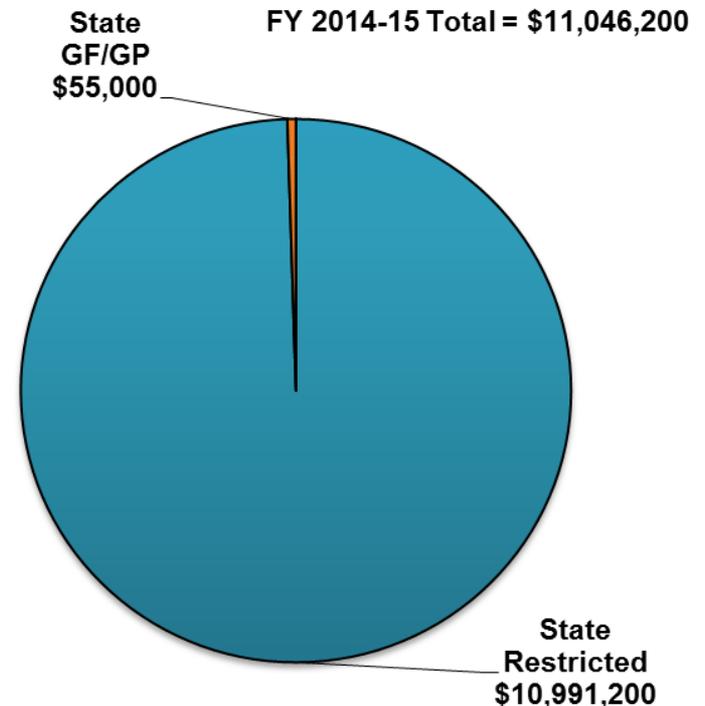
The state's primary operating fund which does not include restricted revenue.

Interdepartmental Grant Revenues

Revenue appropriated for LARA and granted to DIFS for the implementation and enforcement of the Debt Management Act.

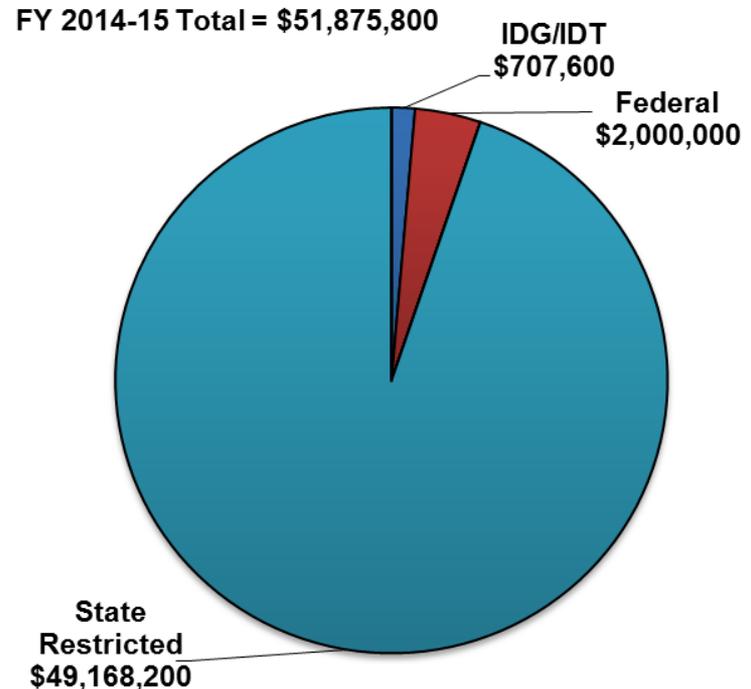
Department Services

Appropriation unit includes support for the executive and administrative functions and overhead costs of DIFS, including: financial and administrative services, policy research and development, legal services, property management, rent, workers' compensation insurance, and administrative hearings.



Insurance and Financial Services Regulation

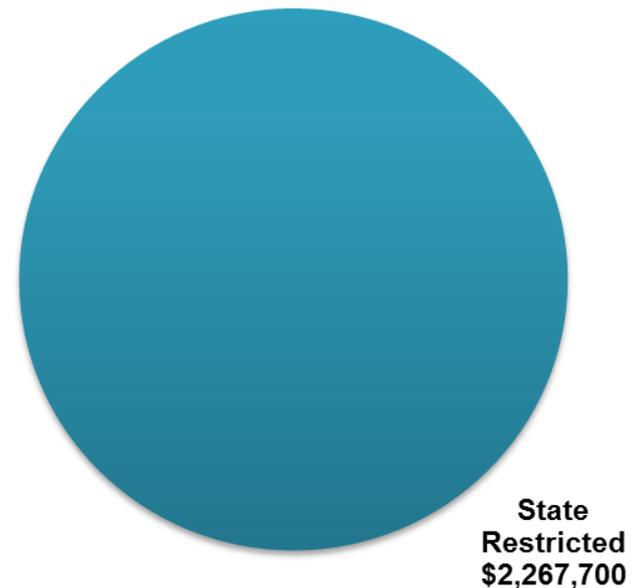
Appropriation unit includes support for the state's regulatory oversight of the insurance and financial industries, including: state-chartered banks and trusts, credits unions, mortgage lenders and brokers, various consumer finance entities, insurance companies and agents, and health maintenance organizations. Also supports DIFS consumer services and protection.



Information Technology

Appropriation unit includes support for information technology services and projects within DIFS provided through the Department of Technology, Management, and Budget (DTMB).

FY 2014-15 Total = \$2,267,700



Autism Coverage Reimbursement Program

- The autism spectrum disorder (ASD) coverage mandate, under 2012 PAs 99 and 100, became effective for insurance certificates and policies issued, amended, or renewed on or after October 15, 2012
- 2012 PA 101 established the Autism Coverage Reimbursement Program (ACRP) to reimburse health insurance carriers for paid claims for diagnosis and treatment of ASD from the Autism Coverage Fund (ACF)
- Appropriation for the ACF was \$15.0 million GF/GP in FY 2012-13, \$11.0 million GF/GP in FY 2013-14, and, due to sufficient reserves to support estimated reimbursements, \$0 in FY 2014-15
- **As of 09/30/14, a total of 16 carriers have received \$2.7 million in reimbursements for 19,883 claims, since October 2012**
- Five HMOs, 11 group health plans, and no insurance companies have participated in the ACRP, thus many carriers appear to be opting to either absorb the costs of mandated ASD services or recover such costs by adjusting their premiums or rates rather than applying for reimbursement
- \$5.5 million from the ACF was appropriated in the FY 2014-15 DCH budget for autism provider education programs at various state universities and family assistance services by a nonprofit organization

**For more information about the
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Services budget, contact:**

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