

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**  
**Summary: House Subcommittee Reported**  
**House Bill 5304 (H-1) Draft 1**



**Analyst: Paul Holland**

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	<i>Difference: House From FY 2013-14 YTD</i>	
						<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$707,600	\$707,600	\$707,600			\$0	0.0
<b>Federal</b>	2,000,000	2,000,000	2,000,000			0	0.0
<b>Local</b>	0	0	0			0	--
<b>Private</b>	0	0	0			0	--
<b>Restricted</b>	61,627,900	62,427,100	62,427,100			799,200	1.3
<b>GF/GP</b>	11,000,000	150,000	0			(11,000,000)	(100.0)
<b>Gross</b>	<b>\$75,335,500</b>	<b>\$65,284,700</b>	<b>\$65,134,700</b>			<b>(\$10,200,800)</b>	<b>(13.5)</b>
<b>FTEs</b>	343.0	343.0	343.0			0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

**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 is organized into the offices of Banking, Consumer Finance, Credit Unions, Insurance Evaluation, Insurance Rates and Forms, Insurance Licensing and Market Conduct, Consumer Services, General Counsel, Finance and Administrative Services, and Policy. Additionally, DIFS administers the Autism Coverage Reimbursement Program created by Public Act 101 of 2012.

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.

<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>		<b>FY 2013-14 Year-to-Date (as of 2/5/14)</b>	<b>FY 2014-15 House Change</b>
<b>1. Autism Coverage Fund</b>			
<u>Executive</u> eliminates appropriation for the Autism Coverage Fund which supports the Autism Coverage Reimbursement Program established by 2012 PA 101. Of the \$26.0 million GF/GP appropriated for the non-lapsing Autism Coverage Fund over the past two years, as of 12/03/13 \$501,937 has been paid to insurance carriers for reimbursement of claims for diagnosis and treatment of autism spectrum disorders. DIFS anticipates that claims for reimbursement will substantially increase during FY 2014-15 but estimates that there is currently sufficient money in the Autism Coverage Fund to cover these claims. <u>House</u> concurs.	<b>Gross</b>	<b>\$11,000,000</b>	<b>(\$11,000,000)</b>
	GF/GP	\$11,000,000	(\$11,000,000)
<b>2. Healthy Michigan Plan Analysis and Reports</b>			
<u>Executive</u> increases spending authorization for Executive Director Programs line item pursuant to 2013 PA 107 which directs DIFS 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 relating to health insurance rates and to staff the Michigan Health Care Cost and Quality Advisory Committee which is charged with analyzing various facets of the health care and health insurance industries and issuing a report with recommendations on the creation of a database on health care cost and quality in Michigan (\$150,000 GF/GP). <u>House</u> rejects.	FTE	4.0	0.0
	<b>Gross</b>	<b>\$615,700</b>	<b>\$0</b>
	Restricted	615,700	0
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 House Change</u>
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> increases and decrease spending authorizations, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments. <u>House</u> concurs.	Restricted	<b>\$799,200</b> 799,200

**Major Boilerplate Changes From FY 2013-14**

**Sec. 235. Annual Legacy Costs – NEW**

Identifies annual pension-related and retiree health care legacy costs for DIFS pursuant to boilerplate Section 1202 of 2013 PA 59. Executive creates; House concurs.

**Sec. 238. Require RFIs and RFQs Prior to Issuing RFPs – DELETED**

Prohibits DIFS from issuing requests for proposals (RFP) for contracts in excess of \$50.0 million without first considering issuing requests for information (RFI) or requests for qualifications (RFQ) and requires that DIFS notify DTMB of the evaluation process used to determine that a RFI or RFQ was not necessary. Executive eliminates; House concurs.

**Sec. 245. Healthy Michigan Plan Accounting Structure – NEW**

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 annually provide the Legislature with relevant accounting scripts and reports. House creates.

**Sec. 801. Autism Coverage Reimbursement Program Appropriation – DELETED**

Appropriates the money in the Autism Coverage Fund to be expended on the Autism Coverage Reimbursement Program as authorized by 2012 PA 101. Executive eliminates; House concurs.

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

Requires DIFS to submit a report pertaining to the number of reimbursements for and the average costs of diagnosis and treatment under the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Executive eliminates; House revises to retain annual reporting requirement.

**Various Sections Deleted by Executive, Retained by House**

Executive eliminates Sections 212, 215, 219, 232, 240, 310, and 341; House rejects.