

FY 2016-17: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Summary: As Reported by House Subcommittee House Bill 5306 (H-1) Draft 1



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	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$707,600	\$707,600	\$707,600			\$0	0.0
Federal	2,000,000	2,000,000	2,000,000			0	0.0
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	62,200,100	63,449,600	63,399,600			1,199,500	1.9
GF/GP	150,000	150,000	150,000			0	0.0
Gross	\$65,057,700	\$66,307,200	\$66,257,200			\$1,199,500	1.8
FTEs	343.0	343.0	342.5			(0.5)	(0.1)

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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, examining, evaluating, and promoting the insurance and financial industries operating within the state and providing consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS implements, administers, and enforces state statutes pertaining to state-chartered banks and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; insurance companies, agents, and products; 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 from the Department of Licensing and Regulatory Affairs.

Major Budget Changes From FY 2015-16 YTD Appropriations

1. Technical Authorization Adjustments and Fund Shifts

Reflects net impact of 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. Executive includes; House concurs.

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Gross	\$3,332,100	\$0
Restricted	3,332,100	0

2. Early Out Five-Year Payouts

Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. Executive includes; House concurs.

Gross	\$138,500	(\$138,500)
Restricted	138,500	(138,500)

3. Economic Adjustments

Reflects increased costs for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. Executive includes; House concurs.

Gross	N/A	\$1,388,000
Restricted	N/A	1,388,000

4. Eliminate Economic Development Programs

Removes estimated spending and staff authorization for economic development programming undertaken by the department. House includes.

FTE	4.0	(0.5)
Gross	\$1,084,300	(\$50,000)
Restricted	934,300	(50,000)
GF/GP	\$150,000	\$0

Major Boilerplate Changes From FY 2015-16

Note: Executive and House variously renumbered several sections; section numbers below are referenced as they appear in HB 5306 (H-1) Draft 1 with the section numbers as they appear under current law in parenthesis. Sections for which the only change was renumbering (and/or other technical changes) are not included below.

Sec. 213 (229). Department Scorecard Website and Health Insurance Rate Filings Report – REVISED

Requires DIFS to maintain a department scorecard website that identifies, updates, and tracks key metrics to monitor the department's performance and submit a separate report on annual rate filings by health insurers. Executive modifies the delineated reporting requirements for rate filings; House rejects, but transfers rate filing report to separate section (Sec. 301).

Sec. 216 (205). Metrics for New Programs or Program Enhancements – RETAINED

Requires DIFS to provide a list identifying program-specific metrics intended to measure performance based on a return on taxpayer investment and update the Legislature on its progress in tracking metrics and the status of program success. Executive eliminates; House retains.

Sec. 217 (212). Record Retention – RETAINED

Requires DIFS to retain all records in accordance with state and federal guidelines. Executive eliminates; House retains.

Sec. 218 (215). Communications with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against an employee for communicating with the Legislature. Executive eliminates; House retains.

Sec. 219. Office Space Consolidation Plan – DELETED

Requires DIFS to submit a report describing the amount of office space paid for and the amount actually utilized during the previous year and the amount estimated to be utilized during the current and subsequent years. Executive eliminates; House concurs.

Sec. 219 (232). Television and Radio Productions – RETAINED

Prohibits DIFS from developing or producing television or radio productions. Executive eliminates; House retains.

Sec. 220 (245). Healthy Michigan Plan Accounting Structure – RETAINED

Requires DIFS in conjunction with the Department of Health and Human Services (DHHS) to maintain 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. Executive eliminates requirement to provide accounting scripts and reports to the Legislature; House retains.

Sec. 221 (246). Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – RETAINED

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. Executive eliminates; House retains.

Sec. 301. Health Insurance Rate Filings Report – NEW

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included. House includes by transferring the existing language from Sec. 213.

Sec. 310. Economic Development Report – DELETED

Requires DIFS to submit a report pertaining to the total amounts expended and number of FTEs utilized during the preceding fiscal year to support the economic development of the insurance or financial industries and to provide a detailed 2-year plan for DIFS activities to support the economic development of the insurance or financial industries. Executive eliminates; House concurs.

Sec. 303. Fees for Customized Listings – NEW

Permits DIFS to provide customized lists of non-confidential information to interested parties and charge reasonable fees; states that funds lapse to appropriate restricted fund accounts. Executive includes; House concurs.

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

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 detailed claims statistics associated with the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Executive eliminates; House concurs.