

**FY 2016-17: DEPARTMENT OF INSURANCE  
AND FINANCIAL SERVICES  
Summary: Conference Report  
House Bill 5306 (H-2) CR-1**



**Analyst: Paul B.A. Holland**

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

<b>Major Budget Changes From FY 2015-16 YTD Appropriations</b>		<b>FY 2015-16 Year-to-Date (as of 2/10/16)</b>	<b>FY 2016-17 Conference Change</b>
<b>1. Technical Authorization Adjustments and Fund Shifts</b>	<b>Gross</b>	<b>\$3,332,100</b>	<b>\$0</b>
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. <u>Executive</u> includes; <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	3,332,100	0
<b>2. Early Out Five-Year Payouts</b>	<b>Gross</b>	<b>\$138,500</b>	<b>(\$138,500)</b>
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>Executive</u> includes; <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	138,500	(138,500)
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,388,000</b>
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. <u>Executive</u> includes; <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	NA	1,388,000
<b>4. Economic Development Programs</b>	FTE	4.0	(0.5)
Removes estimated spending and staff authorization (\$50,000 restricted & 0.5 FTE) for economic development programming undertaken by the department. <u>House</u> includes; <u>Senate</u> does not concur, <u>Conference</u> concurs with <u>House</u> .	<b>Gross</b>	<b>\$1,084,300</b>	<b>(\$50,000)</b>
	Restricted	934,300	(50,000)
	GF/GP	\$150,000	\$0

<b>Major Budget Changes From FY 2015-16 YTD Appropriations</b>	<b>FY 2015-16 Year-to-Date (as of 2/10/16)</b>	<b>FY 2016-17 Conference Change</b>
<b>5. Actuarial Study of Insurance Mandate for Eating Disorders</b>	<b>Gross</b>	<b>NA</b>
Includes spending authorization (\$50,000 GF/GP) to conduct or commission an actuarial study of the cost impact to consumers, insurers, and other stakeholders of a mandate requiring health insurers to provide coverage for the diagnosis and treatment of eating disorders. <u>House</u> includes; <u>Senate</u> does not concur, <u>Conference</u> concurs with <u>Senate</u> .	GF/GP	NA \$0

**Major Boilerplate Changes From FY 2015-16**

*Note: Executive, House, and Senate variously renumbered several sections; section numbers below are referenced as they appear in HB 5306 (H-2) CR-1 with the section numbers as they appear under current law in parenthesis, if different.*

**Sec. 207. Out-of-State Travel Requirements and Report – NEW**

Stipulates various limitations regarding under which conditions DIFS may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed annual report on out-of-state travel. Senate includes; Conference concurs.

**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); Senate retains current language; Conference concurs with House.

**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, Senate, and Conference retain.

**Sec. 217 (212). Record Retention – RETAINED**

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

**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, Senate, and Conference retain.

**Sec. XXX (218). Out-of-State Travel Report – DELETED**

Requires DIFS to submit a report pertaining to out-of-state travel for state employees, including the dates of each travel occurrence and the related expenses and fund sourcing of each travel occurrence. Conference eliminates due to addition of Sec. 207.

**Sec. XXX (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; Senate retains; Conference concurs with House.

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

Prohibits DIFS from developing or producing television or radio productions. Executive eliminates; House, Senate, and Conference retain.

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

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; Senate revises to require report only if accounting structures are changed; Conference concurs with Senate.

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

Stipulates up to \$150,000 appropriated 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 revises to specify up to \$150,000 GF/GP; Senate retains; Conference concurs with Senate.

**Sec. XXX. Eating Disorder Insurance Mandate Actuarial Study**

Stipulates that up to \$50,000 appropriated from the General Fund shall be expended to conduct or commission an actuarial study of the cost impact of a mandate requiring health insurers to provide coverage for the diagnosis and treatment of eating disorders. House includes; Senate does not concur; Conference concurs with Senate.

## **Major Boilerplate Changes From FY 2015-16**

### ***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; Senate does not concur; Conference concurs with House.

### ***Sec. XXX (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; Senate retains; Conference concurs with House.

### ***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, Senate, and Conference concur.

### ***Sec. XXX (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; Senate retains; Conference concurs with House.