

**SUBSTITUTE FOR  
SENATE BILL NO. 791**

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2017; and to provide for the expenditure of the appropriations.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2017, from the following funds:

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

APPROPRIATION SUMMARY

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	337.0

1	GROSS APPROPRIATION.....	\$	66,307,200
2	Total interdepartmental grants and intradepartmental		
3	transfers .....		707,600
4	ADJUSTED GROSS APPROPRIATION.....	\$	65,599,600
5	Federal revenues:		
6	Total federal revenues.....		2,000,000
7	Special revenue funds:		
8	Bank fees.....		6,824,100
9	Captive insurance regulation.....		3,900
10	Captive insurance regulatory and supervision fund....		282,900
11	Consumer finance fees.....		3,419,200
12	Credit union fees.....		9,031,100
13	Deferred presentment service transaction fees.....		3,766,700
14	Insurance bureau fund.....		23,836,000
15	Insurance continuing education fees.....		1,086,100
16	Insurance licensing and regulation fees.....		8,553,700
17	MBLSLA fund.....		6,363,000
18	Multiple employer welfare arrangement.....		282,900
19	Total other state restricted revenues.....		63,449,600
20	State general fund/general purpose.....	\$	150,000
21	State general fund/general purpose schedule:		
22	Ongoing state general fund/general		
23	purpose .....		150,000
24	One-time state general fund/general		
25	purpose .....		0
26	<b>Sec. 102. DEPARTMENT SERVICES</b>		
27	Full-time equated unclassified positions.....		6.0

1	Full-time equated classified positions.....	23.0	
2	Department services--19.0 FTE positions.....		\$ 3,730,700
3	Unclassified--6.0 FTE positions.....		746,500
4	Executive director programs--4.0 FTE positions.....		1,109,200.0
5	Property management.....		1,175,700
6	Worker's compensation.....		5,200
7	Administrative hearings.....		182,500
8	Information technology services and projects.....		<u>2,216,100</u>
9	GROSS APPROPRIATION.....		\$ 9,165,900
10	Appropriated from:		
11	Special revenue funds:		
12	Bank fees.....		806,000
13	Captive insurance regulation.....		3,900
14	Consumer finance fees.....		358,200
15	Credit union fees.....		1,062,300
16	Deferred presentment service transaction fees.....		473,500
17	Insurance bureau fund.....		2,847,600
18	Insurance continuing education fees.....		91,100
19	Insurance licensing and regulation fees.....		2,549,200
20	MBLSLA fund.....		822,900
21	Multiple employer welfare arrangement.....		1,200
22	State general fund/general purpose.....		\$ 150,000
23	<b>Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION</b>		
24	Full-time equated classified positions.....	314.0	
25	Insurance evaluation--54.0 FTE positions.....		\$ 12,908,900
26	Insurance rates and forms--30.0 FTE positions.....		5,942,500
27	Financial institutions evaluation--132.0 FTE positions		24,212,800

1	Regulatory compliance, market conduct and	
2	licensing--34.0 FTE positions.....	5,482,000
3	Consumer services and protection--64.0 FTE positions .	<u>8,595,100</u>
4	GROSS APPROPRIATION.....	\$ 57,141,300
5	Appropriated from:	
6	IDG-LARA, for debt management.....	707,600
7	Federal revenues:	
8	Federal revenues.....	2,000,000
9	Special revenue funds:	
10	Bank fees.....	6,018,100
11	Captive insurance regulatory and supervision fund....	282,900
12	Consumer finance fees.....	3,061,000
13	Credit union fees.....	7,968,800
14	Deferred presentment service transaction fees.....	3,293,200
15	Insurance bureau fund.....	20,988,400
16	Insurance continuing education fees.....	995,000
17	Insurance licensing and regulation fees.....	6,004,500
18	MBLSLA fund.....	5,540,100
19	Multiple employer welfare arrangement.....	281,700
20	State general fund/general purpose.....	\$ 0

21 PART 2

22 PROVISIONS CONCERNING APPROPRIATIONS

23 FOR FISCAL YEAR 2016-2017

24 **GENERAL SECTIONS**

25 Sec. 201. In accordance with the provisions of section 30 of

1 article IX of the state constitution of 1963, total state spending  
2 from state resources in this part and part 1 for the fiscal year  
3 ending September 30, 2017 is \$63,599,600.00 and state  
4 appropriations paid to local units of government are \$0.

5 Sec. 202. The appropriations made and expenditures authorized  
6 under this part and part 1 and the departments, commissions,  
7 boards, offices, and programs for which appropriations are made  
8 under this part are subject to the management and budget act, 1984  
9 PA 431, MCL 18.1101 to 18.1594.

10 Sec. 203. As used in this part and part 1:

11 (a) "Department" means the department of insurance and  
12 financial services.

13 (b) "Director" means the director of the department.

14 (c) "Fiscal agencies" means Michigan house fiscal agency and  
15 Michigan senate fiscal agency.

16 (d) "FTE" means full-time equated.

17 (e) "IDG" means interdepartmental grant.

18 (f) "LARA" means the department of licensing and regulatory  
19 affairs.

20 (g) "MBLSLA fund" means the restricted account established  
21 under section 8 of the mortgage brokers, lenders, and servicers  
22 licensing act, 1987 PA 173, MCL 445.1658.

23 (h) "Subcommittees" means all members of the subcommittees of  
24 the house and senate appropriations committees with jurisdiction  
25 over the budget for the department.

26 Sec. 204. The departments and agencies receiving  
27 appropriations in this part and part 1 shall use the Internet to

1 fulfill the reporting requirements of this part. This requirement  
2 may include transmission of reports via electronic mail to the  
3 recipients identified for each reporting requirement, or it may  
4 include placement of reports on an Internet or Intranet site.

5       Sec. 205. In addition to the metrics required under section  
6 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for  
7 each new program or program enhancement for which funds in excess  
8 of \$500,000.00 are appropriated in part 1, the department shall  
9 provide not later than November 1 a list of program-specific  
10 metrics intended to measure its performance based on a return on  
11 taxpayer investment. The department shall deliver the program-  
12 specific metrics to members of the senate and house subcommittees  
13 that have subject matter jurisdiction for this budget, fiscal  
14 agencies, and the state budget director. The department shall  
15 provide an update on its progress in tracking program-specific  
16 metrics and the status of program success at an appropriations  
17 subcommittee meeting called for by the subcommittee chair.

18       Sec. 206. The director shall take all reasonable steps to  
19 ensure businesses in deprived and depressed communities compete for  
20 and perform contracts to provide services or supplies, or both. The  
21 director shall strongly encourage firms with which the department  
22 contracts to subcontract with certified businesses in depressed and  
23 deprived communities for services, supplies, or both.

24       Sec. 207. The departments and agencies receiving  
25 appropriations in this part and part 1 shall prepare a report on  
26 out-of-state travel expenses not later than January 1 of each year.  
27 The travel report must list all travel by classified and

1 unclassified employees outside this state in the immediately  
2 preceding fiscal year that was funded in whole or in part with  
3 funds appropriated in the department's budget. The report shall be  
4 submitted to the house and senate appropriations committees, the  
5 fiscal agencies, and the state budget director. The report must  
6 include the following information:

7 (a) The dates of each travel occurrence.

8 (b) The total transportation and related costs of each travel  
9 occurrence, including the proportion funded with state general  
10 fund/general purpose revenues, the proportion funded with state  
11 restricted revenues, the proportion funded with federal revenues,  
12 and the proportion funded with other revenues.

13 Sec. 208. Funds appropriated in this part and part 1 shall not  
14 be used by a principal executive department, state agency, or  
15 authority to hire a person to provide legal services that are the  
16 responsibility of the attorney general. This prohibition does not  
17 apply to legal services for bonding activities and for those  
18 outside services that the attorney general authorizes.

19 Sec. 209. Funds appropriated in this part and part 1 shall not  
20 be used for the purchase of foreign goods or services, or both, if  
21 competitively priced and of comparable quality American goods or  
22 services, or both, are available. Preference shall be given to  
23 goods or services, or both, manufactured or provided by Michigan  
24 businesses, if they are competitively priced and of comparable  
25 quality. In addition, preference shall be given to goods or  
26 services, or both, that are manufactured or provided by Michigan  
27 businesses owned and operated by veterans, if they are

1 competitively priced and of comparable quality.

2       Sec. 210. (1) In addition to the funds appropriated in part 1,  
3 there is appropriated an amount not to exceed \$1,000,000.00 for  
4 federal contingency funds.

5       (2) In addition to the funds appropriated in part 1, there is  
6 appropriated an amount not to exceed \$5,000,000.00 for state  
7 restricted contingency funds.

8       (3) Funds appropriated under this section are not available  
9 for expenditure until they have been transferred to another line  
10 item in part 1 under section 393(2) of the management and budget  
11 act, 1984 PA 431, MCL 18.1393.

12       Sec. 211. The department shall cooperate with the department  
13 of technology, management, and budget to maintain a searchable  
14 website accessible by the public at no cost that includes, but is  
15 not limited to, all of the following for each department or agency:

16       (a) Fiscal-year-to-date expenditures by category.

17       (b) Fiscal-year-to-date expenditures by appropriation unit.

18       (c) Fiscal-year-to-date payments to a selected vendor,  
19 including the vendor name, payment date, payment amount, and  
20 payment description.

21       (d) The number of active department employees by job  
22 classification.

23       (e) Job specifications and wage rates.

24       Sec. 212. The department and agencies receiving appropriations  
25 in this part and part 1 shall receive and retain copies of all  
26 reports funded from appropriations in this part and part 1. Federal  
27 and state guidelines for short-term and long-term retention of



1 records shall be followed. The department may electronically retain  
2 copies or reports unless otherwise required by federal and state  
3 guidelines.

4 Sec. 213. (1) The department shall maintain, on a publicly  
5 accessible website, a department scorecard that identifies, tracks,  
6 and regularly updates key metrics that are used to monitor and  
7 improve the department's performance.

8 (2) The department shall provide a report to the legislature  
9 based on the annual rate filings from health insurance issuers that  
10 includes all of the following:

11 (a) The number that are approved by the department.

12 (b) The number that are denied by the department.

13 (c) The percentage of rate filings processed within the  
14 applicable statutory time frames.

15 (d) The average number of calendar days to process rate  
16 filings.

17 (e) An estimated percentage of this state's population that is  
18 without any form of health insurance coverage for more than 6  
19 months in any given calendar year.

20 Sec. 214. Total authorized appropriations from all sources  
21 under this part and part 1 for legacy costs for the fiscal year  
22 ending September 30, 2017 is \$10,214,700.00. From this amount,  
23 total agency appropriations for pension-related legacy costs are  
24 estimated at \$5,663,800.00. Total agency appropriations for retiree  
25 health care legacy costs are estimated at \$4,550,900.00.

26 Sec. 215. The department shall not take disciplinary action  
27 against an employee for communicating with a member of the

1 legislature or his or her staff.

2       Sec. 216. Not later than November 30, the state budget office  
3 shall prepare and transmit a report that provides for estimates of  
4 the total general fund/general purpose appropriation lapses at the  
5 close of the prior fiscal year. This report must summarize the  
6 projected year-end general fund/general purpose appropriation  
7 lapses by major departmental program or program areas. The report  
8 shall be transmitted to the chairpersons of the senate and house  
9 appropriations committees and the fiscal agencies.

10       Sec. 217. (1) Out-of-state travel shall be limited to  
11 situations in which 1 or more of the following conditions apply:

12       (a) The travel is required by legal mandate or court order or  
13 for law enforcement purposes.

14       (b) The travel is necessary to protect the health or safety of  
15 Michigan citizens or visitors or to assist other states in similar  
16 circumstances.

17       (c) The travel is necessary to produce budgetary savings or to  
18 increase state revenues, including protecting existing federal  
19 funds or securing additional federal funds.

20       (d) The travel is necessary to comply with federal  
21 requirements.

22       (e) The travel is necessary to secure specialized training for  
23 staff that is not available within this state.

24       (f) The travel is financed entirely by federal or nonstate  
25 funds.

26       (2) The department shall not approve the travel of more than 1  
27 departmental employee to a specific professional development

1 conference or training seminar that is located outside of this  
2 state unless a professional development conference or training  
3 seminar is funded by a federal or private funding source and  
4 requires more than 1 person from a department to attend, or the  
5 conference or training seminar includes multiple issues in which 1  
6 employee from the department does not have expertise.

7 (3) Not later than January 1, the department shall prepare a  
8 travel report listing all travel by classified and unclassified  
9 employees outside this state in the immediately preceding fiscal  
10 year that was funded in whole or in part with funds appropriated in  
11 the department's budget. The report shall be submitted to the  
12 senate and house of representatives standing committees on  
13 appropriations, the senate and house fiscal agencies, and the state  
14 budget director. The report shall include the following  
15 information:

16 (a) The name of each person receiving reimbursement for travel  
17 outside this state or whose travel costs were paid by this state.

18 (b) The destination of each travel occurrence.

19 (c) The dates of each travel occurrence.

20 (d) A brief statement of the reason for each travel  
21 occurrence.

22 (e) The transportation and related costs of each travel  
23 occurrence, including the proportion funded with state general  
24 fund/general purpose revenues, the proportion funded with state  
25 restricted revenues, the proportion funded with federal revenues,  
26 and the proportion funded with other revenues.

27 (f) A total of all out-of-state travel funded for the

1 immediately preceding fiscal year.

2       Sec. 219. No later than April 1, the department shall submit  
3 to the subcommittees and the fiscal agencies a report pertaining to  
4 the following information:

5       (a) The amount, in square footage, of office space paid for  
6 with the appropriation in this part and part 1 for both state-owned  
7 and leased office space, respectively, during the previous fiscal  
8 year.

9       (b) The amount, in square footage, of office space actually  
10 utilized by the department for both state-owned and leased office  
11 space, respectively, during the previous fiscal year.

12       (c) The amount of office space the department estimates will  
13 be utilized during the current and subsequent fiscal years.

14       Sec. 228. Unless prohibited by law, the department may accept  
15 credit card or other electronic means of payment for licenses,  
16 fees, or permits.

17       Sec. 232. The department shall not develop or produce any  
18 television or radio productions.

19       Sec. 234. Within 14 days after the release of the executive  
20 budget recommendation, the department shall cooperate with the  
21 state budget office to provide the senate and house appropriations  
22 chairs, the subcommittees chairs, and the fiscal agencies with an  
23 annual report on estimated state restricted fund balances, state  
24 restricted fund projected revenues, and state restricted fund  
25 expenditures for the immediately preceding and current fiscal  
26 years.

27       Sec. 245. The department, in conjunction with the department

1 of health and human services, shall maintain an accounting  
2 structure within the Michigan administrative information network  
3 that will allow expenditures associated with the administration of  
4 the Healthy Michigan plan to be identified. By October 1, if there  
5 are changes from the previous fiscal year, the department shall  
6 provide the state budget office and the fiscal agencies with the  
7 relevant accounting structure and associated business objects  
8 script and report that group's administrative costs.

9 Sec. 246. The amount appropriated from the general fund in  
10 part 1 for executive director program may only be expended to  
11 comply with reporting requirements regarding the Healthy Michigan  
12 plan under section 105d(9) of the social welfare act, 1939 PA 280,  
13 MCL 400.105d.

#### 14 **INSURANCE AND FINANCIAL SERVICES REGULATION**

15 Sec. 310. (1) No later than February 1, the department shall  
16 submit a report to the subcommittees and the fiscal agencies  
17 providing the following information:

18 (a) The amounts expended, by fund source, by the department to  
19 support the economic development of the insurance or financial  
20 industries during the preceding fiscal year.

21 (b) The number of full-time equated positions utilized by the  
22 department to support the economic development of the insurance or  
23 financial industries during the preceding fiscal year.

24 (c) A detailed, 2-year plan for departmental activities to  
25 support the economic development of the insurance or financial  
26 industries.

1           (2) For purposes of subsection (1), "economic development"  
2 includes any activities to encourage, promote, or advocate for the  
3 expansion, retention, or attraction of business or nonprofit  
4 entities engaged in or involved with the insurance or financial  
5 industries.

6           Sec. 391. In addition to the funds appropriated in part 1, the  
7 funds collected by the department in connection with a  
8 conservatorship under section 32 of the mortgage brokers, lenders,  
9 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds  
10 collected by the department from corporations being liquidated  
11 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to  
12 500.8302, shall be appropriated for all expenses necessary to  
13 provide for the required services. Funds are available for  
14 expenditure when they are received by the department of treasury  
15 and shall not lapse to the general fund at the end of the fiscal  
16 year.

17           Sec. 392. The department may make available to interested  
18 entities customized listings of nonconfidential information in its  
19 possession. The department may establish and collect a reasonable  
20 charge to provide this service. The revenue from this service is  
21 appropriated when received and shall be used to offset expenses.  
22 Any balance of this revenue collected and unexpended at the end of  
23 the fiscal year shall lapse to the appropriate restricted fund.

#### 24 **AUTISM COVERAGE**

25           Sec. 802. (1) Each fiscal year, if expenditures are made from  
26 the autism coverage fund, created by section 7 of the autism

1 coverage reimbursement act, 2012 PA 101, MCL 550.1837, the  
2 department shall produce a report that contains all of the  
3 following information on the autism coverage reimbursement program,  
4 established by section 5 of the autism coverage reimbursement act,  
5 2012 PA 101, MCL 550.1835, for the fiscal year:

6 (a) The total number of claims for reimbursement approved and  
7 the number approved within each county, based on the provider's  
8 location.

9 (b) The total amount expended from the autism coverage fund  
10 for reimbursements and the amount for each carrier receiving  
11 reimbursement.

12 (c) For each claim included within a claim submission received  
13 by the department, all of the following information:

14 (i) The date the department received the claim.

15 (ii) The dollar amount of the claim.

16 (iii) The date of birth of the patient receiving diagnosis or  
17 treatment under the claim.

18 (iv) Whether the claim was under a self-insured plan.

19 (v) The date of the service that was the basis for the claim.

20 (vi) The identity of the carrier that submitted the claim.

21 (2) By October 31 following the end of the fiscal year, the  
22 department shall provide the report required under subsection (1)  
23 to the subcommittees, the fiscal agencies, and the state budget  
24 director.

25 PART 2A

PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS  
FOR FISCAL YEAR 2017-2018

**GENERAL SECTIONS**

Sec. 1201. It is the intent of the legislature to provide appropriations for the fiscal year ending on September 30, 2018 for the line items listed in part 1. The fiscal year 2017-2018 appropriations are anticipated to be the same as those for fiscal year 2016-2017, except that the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. These adjustments will be determined after the January 2017 consensus revenue estimating conference.