

# FY 2014-15: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

## Summary: As Reported by the Conference Committee Senate Bill 770 (S-1) CR-1



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	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$707,600	\$707,600	\$707,600	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	61,627,900	62,427,100	62,427,100	62,427,100	62,427,100	799,200	1.3
GF/GP	11,000,000	150,000	0	100	55,000	(10,945,000)	(99.5)
Gross	\$75,335,500	\$65,284,700	\$65,134,700	\$65,134,800	\$65,189,700	(\$10,145,800)	(13.5)
FTEs	343.0	343.0	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) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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 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.

### Major Budget Changes From FY 2013-14 YTD Appropriations

#### 1. Autism Coverage Fund

Executive 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, \$1.1 million has been paid to insurance carriers for reimbursement of claims for diagnosis and treatment of autism spectrum disorders, as of 04/29/14. 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. House concurs. Senate concurs. Conference concurs.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
Gross	\$11,000,000	(\$11,000,000)
GF/GP	\$11,000,000	(\$11,000,000)

#### 2. Healthy Michigan Plan Analysis and Reports

Executive increases spending authorization (\$150,000 GF/GP) 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 care 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. House rejects. Senate rejects, but includes placeholder. Conference concurs, but reduces amount.

FTE	4.0	0.0
Gross	\$615,700	\$55,000
Restricted	615,700	0
GF/GP	\$0	\$55,000

<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 Conference Change</b>
<b>3. Economic Adjustments (Multiple Line Items)</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. <u>Senate</u> concurs. <u>Conference</u> concurs.	<b>Gross</b> Restricted	<b>N/A</b> N/A	<b>\$799,200</b> 799,200

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

#### ***Sec. 205. Benchmarks for New Programs or Program Expansions – NEW***

Requires DIFS to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 15-16 budget. House creates. Senate does not concur. Conference concurs with House.

#### ***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. Senate concurs. Conference 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. Senate concurs. Conference concurs.

#### ***Sec. 240. Filled FTE Report – REVISED***

Stipulates that the Legislature intends that DIFS does not use FTE positions as spending placeholders and requires DIFS to provide a report specifying the quarterly number of filled FTE positions by line item during the preceding fiscal year. Executive eliminates. House retains. Senate adds language requiring DIFS to indicate FTEs allocated to economic development activities. Conference concurs with Senate.

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

#### ***Sec. 246. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – NEW***

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 and requires DIFS to acquire at least two bids prior to expending the appropriation. Conference creates.

#### ***Sec. 310. Economic Development Report – REVISED***

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 plan for ongoing and future DIFS activities to support the economic development of the insurance or financial industries. Executive eliminates. House retains. Senate specifies requirement for a 2-year plan. Conference concurs with Senate.

#### ***Sec. 341. Administrative Rules Restriction – DELETED***

Prohibits DIFS from promulgating any rule more stringent than an applicable federal standard unless authorized by statute. Executive eliminates. House retains. Senate eliminates. Conference concurs with Senate.

#### ***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. Senate concurs. Conference 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. Senate revises to retain annual reporting requirement. Conference revises to retain and alter substance of annual reporting requirement.

#### ***Various Sections Deleted by Executive, Retained by House and Senate***

Executive eliminates Sections 212, 215, 219, and 232. House retains. Senate retains.

