

## FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

House Bill No. 5575, entitled

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2019; and to provide for the expenditure of the appropriations.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

Second: That the House and Senate agree to the Substitute of the House as passed by the House, amended to read as follows:

(attached)

Third: That the House and Senate agree to the title of the bill to read as follows:

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2019; and to provide for the expenditure of the appropriations.

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Tommy Brann

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Marty Knollenberg

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Chris Afendoulis

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Jim Marleau

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Ronnie D. Peterson

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Coleman Young II

Conferees for the House

Conferees for the Senate



**SUBSTITUTE FOR  
HOUSE BILL NO. 5575**

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2019; and to provide for the expenditure of the appropriations.

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

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the department of  
4 insurance and financial services for the fiscal year ending  
5 September 30, 2019, from the following funds:

6 **DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

7 APPROPRIATION SUMMARY

8 Full-time equated unclassified positions .....6.0

9 Full-time equated classified positions .....336.5

10 GROSS APPROPRIATION..... \$ 67,971,900

1	Interdepartmental grant revenues:	
2	Total interdepartmental grants and intradepartmental	
3	transfers .....	713,800
4	ADJUSTED GROSS APPROPRIATION.....	\$ 67,258,100
5	Federal revenues:	
6	Total federal revenues.....	2,017,300
7	Special revenue funds:	
8	Total other state restricted revenues.....	64,690,800
9	State general fund/general purpose.....	\$ 550,000
10	State general fund/general purpose schedule:	
11	Ongoing state general fund/general	
12	purpose .....	150,000
13	One-time state general fund/general	
14	purpose .....	400,000
15	<b>Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT</b>	
16	Full-time equated unclassified positions .....	6.0
17	Full-time equated classified positions .....	22.5
18	Unclassified salaries--6.0 FTE positions.....	\$ 784,500
19	Administrative hearings.....	182,500
20	Department services--19.0 FTE positions.....	3,801,200
21	Executive director programs--3.5 FTE positions.....	1,075,900
22	Property management.....	1,245,400
23	Worker's compensation.....	<u>4,200</u>
24	GROSS APPROPRIATION.....	\$ 7,093,700
25	Appropriated from:	
26	Special revenue funds:	
27	Bank fees.....	512,300

1	Captive insurance regulatory and supervision fund.....	2,900
2	Consumer finance fees.....	201,100
3	Credit union fees.....	862,200
4	Deferred presentment service transaction fees.....	272,000
5	Insurance bureau fund.....	2,451,800
6	Insurance continuing education fees.....	64,200
7	Insurance licensing and regulation fees.....	1,915,600
8	MBLSLA fund.....	660,300
9	Multiple employer welfare arrangement.....	1,300
10	State general fund/general purpose..... \$	150,000
11	<b>Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION</b>	
12	Full-time equated classified positions .....314.0	
13	Consumer services and protection--64.0 FTE positions.. \$	8,803,600
14	Financial institutions evaluation--132.0 FTE positions	24,633,100
15	Insurance evaluation--118.0 FTE positions.....	<u>24,789,600</u>
16	GROSS APPROPRIATION..... \$	58,226,300
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	IDG from LARA, debt management.....	713,800
20	Federal revenues:	
21	Federal revenues.....	2,017,300
22	Special revenue funds:	
23	Bank fees.....	5,737,100
24	Captive insurance regulatory and supervision fund.....	289,200
25	Consumer finance fees.....	2,997,200
26	Credit union fees.....	8,141,100
27	Deferred presentment service transaction fees.....	3,315,400

1	Insurance bureau fund.....	21,406,800
2	Insurance continuing education fees.....	957,000
3	Insurance licensing and regulation fees.....	6,421,100
4	MBLSLA fund.....	5,946,800
5	Multiple employer welfare arrangement.....	283,500
6	State general fund/general purpose.....	\$ 0
7	<b>Sec. 104. INFORMATION TECHNOLOGY</b>	
8	Information technology services and projects.....	\$ <u>2,251,900</u>
9	GROSS APPROPRIATION.....	\$ 2,251,900
10	Appropriated from:	
11	Special revenue funds:	
12	Bank fees.....	225,500
13	Consumer finance fees.....	93,000
14	Credit union fees.....	369,100
15	Deferred presentment service transaction fees.....	113,300
16	Insurance bureau fund.....	440,700
17	Insurance continuing education fees.....	22,800
18	Insurance licensing and regulation fees.....	727,600
19	MBLSLA fund.....	259,900
20	State general fund/general purpose.....	\$ 0
21	<b>Sec. 105. ONE-TIME APPROPRIATIONS</b>	
22	Insurance evaluation enhancement.....	\$ <u>400,000</u>
23	GROSS APPROPRIATION.....	\$ 400,000
24	Appropriated from:	
25	State general fund/general purpose.....	\$ 400,000

## PART 2

## PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2018-2019

**GENERAL SECTIONS**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1 for fiscal year 2018-2019 is \$65,240,800.00 and state spending from state sources to be paid to local units of government for fiscal year 2018-2019 is \$0.

Sec. 202. The appropriations authorized under this part and part 1 are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

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

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

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

(c) "FTE" means full-time equated.

(d) "IDG" means interdepartmental grant.

(e) "LARA" means the department of licensing and regulatory affairs.

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

(g) "Subcommittees" means the subcommittees of the house of representatives and senate appropriations committees with jurisdiction over the budget for the department.

Sec. 204. The department and agencies receiving appropriations

1 in this part and part 1 shall use the internet to fulfill the  
2 reporting requirements of this part. This requirement may include  
3 transmission of reports via electronic mail to the recipients  
4 identified for each reporting requirement, or it may include  
5 placement of reports on an internet or intranet site.

6 Sec. 205. Funds appropriated in this part and part 1 must not  
7 be used for the purchase of foreign goods or services, or both, if  
8 competitively priced and of comparable quality American goods or  
9 services, or both, are available. Preference must be given to goods  
10 or services, or both, manufactured or provided by Michigan  
11 businesses, if they are competitively priced and of comparable  
12 quality. In addition, preference must be given to goods or  
13 services, or both, that are manufactured or provided by Michigan  
14 businesses owned and operated by veterans, if they are  
15 competitively priced and of comparable quality.

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

22 Sec. 207. (1) Out-of-state travel shall be limited to  
23 situations where the travel is approved by a departmental  
24 employee's immediate supervisor and in which 1 or more of the  
25 following conditions apply:

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

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

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

7 (d) The travel is necessary to comply with federal  
8 requirements.

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

11 (f) The travel is financed entirely by federal or nonstate  
12 funds.

13 (2) The department shall not approve the travel of more than 1  
14 departmental employee to a specific professional development  
15 conference or training seminar that is located outside of this  
16 state unless a professional development conference or training  
17 seminar is funded by a federal or private funding source and  
18 requires more than 1 individual from the department to attend, or  
19 the conference or training seminar includes multiple issues in  
20 which 1 employee from the department does not have expertise.

21 (3) Not later than January 1, the department shall prepare a  
22 travel report listing all travel by classified and unclassified  
23 employees outside this state in the immediately preceding fiscal  
24 year that was funded in whole or in part with funds appropriated in  
25 the department's budget. The department shall submit the report to  
26 the senate and house of representatives standing committees on  
27 appropriations, the senate and house fiscal agencies, and the state

1 budget director. The report must include the following information:

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

4 (b) The destination of each travel occurrence.

5 (c) The dates of each travel occurrence.

6 (d) A brief statement of the reason for each travel  
7 occurrence.

8 (e) The 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 (f) A total of all out-of-state travel funded for the  
14 immediately preceding fiscal year.

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

21 Sec. 209. Not later than November 30, the state budget office  
22 shall prepare and transmit a report that provides for estimates of  
23 the total general fund/general purpose appropriation lapses at the  
24 close of the prior fiscal year. This report must summarize the  
25 projected year-end general fund/general purpose appropriation  
26 lapses by major departmental program or program areas. The state  
27 budget office shall transmit the report to the chairpersons of the

1 senate and house of representatives appropriations committees and  
2 the senate and house fiscal agencies.

3       Sec. 210. (1) In addition to the funds appropriated in part 1,  
4 there is appropriated an amount not to exceed \$1,000,000.00 for  
5 federal contingency funds. These funds are not available for  
6 expenditure until they have been transferred to another line item  
7 in part 1 under section 393(2) of the management and budget act,  
8 1984 PA 431, MCL 18.1393.

9       (2) In addition to the funds appropriated in part 1, there is  
10 appropriated an amount not to exceed \$5,000,000.00 for state  
11 restricted contingency funds. These funds are not available for  
12 expenditure until they have been transferred to another line item  
13 in part 1 under section 393(2) of the management and budget act,  
14 1984 PA 431, MCL 18.1393.

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

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

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

21       (c) Fiscal-year-to-date payments to a selected vendor,  
22 including the vendor name, payment date, payment amount, and  
23 payment description.

24       (d) The number of active department employees by job  
25 classification.

26       (e) Job specifications and wage rates.

27       Sec. 212. Within 14 days after the release of the executive

1 budget recommendation, the department shall cooperate with the  
2 state budget office to provide the senate and house of  
3 representatives appropriations committee chairs, the senate and  
4 house appropriations subcommittees chairs, and the senate and house  
5 fiscal agencies with an annual report on estimated state restricted  
6 fund balances, state restricted fund projected revenues, and state  
7 restricted fund expenditures for the fiscal years ending September  
8 30, 2018 and September 30, 2019.

9       Sec. 213. The department shall maintain, on a publicly  
10 accessible website, a department scorecard that identifies, tracks,  
11 and regularly updates key metrics that are used to monitor and  
12 improve the department's performance.

13       Sec. 214. Total authorized appropriations from all sources  
14 under part 1 for legacy costs for the fiscal year ending September  
15 30, 2019 are estimated at \$9,513,100.00. From this amount, total  
16 agency appropriations for pension-related legacy costs are  
17 estimated at \$4,385,700.00. Total agency appropriations for retiree  
18 health care legacy costs are estimated at \$5,127,400.00.

19       Sec. 215. Unless prohibited by law, the department may accept  
20 credit card or other electronic means of payment for licenses,  
21 fees, or permits.

22       Sec. 218. The department shall not take disciplinary action  
23 against an employee for communicating with a member of the  
24 legislature or his or her staff.

25       Sec. 219. The department shall not develop or produce any  
26 television or radio productions.

27       Sec. 220. The department, in conjunction with the department

1 of health and human services, shall maintain an accounting  
2 structure within this state's accounting system that will allow  
3 expenditures associated with the administration of the Healthy  
4 Michigan plan to be identified.

5 Sec. 221. The amount appropriated from the general fund in  
6 part 1 for executive director programs may only be expended to  
7 comply with reporting requirements regarding the Healthy Michigan  
8 plan under section 105d(9) of the social welfare act, 1939 PA 280,  
9 MCL 400.105d.

#### 10 **INSURANCE AND FINANCIAL SERVICES REGULATION**

11 Sec. 301. The department shall provide a report to the  
12 subcommittees, the senate and house fiscal agencies, and the state  
13 budget director by September 30 based on the annual rate filings  
14 from health insurance issuers that includes all of the following:

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

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

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

19 (d) The average number of calendar days to process rate  
20 filings.

21 Sec. 302. In addition to the funds appropriated in part 1, the  
22 funds collected by the department in connection with a  
23 conservatorship under section 32 of the mortgage brokers, lenders,  
24 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds  
25 collected by the department from corporations being liquidated  
26 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to

1 500.8302, must be appropriated for all expenses necessary to  
2 provide for the required services. Funds are available for  
3 expenditure when they are received by the department of treasury  
4 and must not lapse to the general fund at the end of the fiscal  
5 year.

6 Sec. 303. The department may make available to interested  
7 entities customized listings of nonconfidential information in its  
8 possession. The department may establish and collect a reasonable  
9 charge to provide this service. The revenue from this service is  
10 appropriated when received and must be used to offset expenses to  
11 provide the service. Any balance of this revenue collected and  
12 unexpended at the end of the fiscal year must lapse to the  
13 appropriate restricted fund.

#### 14 **ONE-TIME APPROPRIATIONS**

15 Sec. 401. (1) From the funds appropriated in part 1 for  
16 insurance evaluation enhancement, by January 31, 2019, the  
17 department must complete a study led by an actuarial firm capable  
18 of supporting this state's pursuit of a state innovation waiver  
19 under section 1332 of the patient protection and affordable care  
20 act. The study must meet all criteria for a section 1332 state  
21 innovation waiver found at 45 CFR Part 155. The study must include  
22 analyses, actuarial certifications data, assumptions, targets, and  
23 other information sufficient to provide the secretary of the United  
24 States Department of Health and Human Services and the secretary of  
25 the United States Department of Treasury with the necessary data to  
26 determine whether this state's proposed waiver would do all of the

1 following:

2 (a) Provide coverage that is at least as comprehensive as the  
3 coverage defined in section 1203(b) of the patient protection and  
4 affordable care act.

5 (b) Provide coverage and cost sharing protections against  
6 excessive out-of-pocket spending that are at least as affordable as  
7 the provisions of title I of the patient protection and affordable  
8 care act.

9 (c) Provide coverage to a comparable number of its residents  
10 as the provisions of title I of the patient protection and  
11 affordable care act would provide.

12 (d) Not increase the federal deficit.

13 (2) The study under subsection (1) must create any actuarial  
14 analyses and certifications necessary to determine whether the  
15 estimates will comply with the above requirements. The study must  
16 produce an economic analysis to provide a detailed 10 year budget  
17 plan that is deficit neutral to the federal government and detailed  
18 analyses regarding the estimated impact of the waiver on health  
19 insurance coverage in this state.