

SUBSTITUTE FOR
HOUSE BILL NO. 4405

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2022; 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, 2022, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
Full-time equated classified positions	382.5

1	GROSS APPROPRIATION		\$	18,078,900
2	Interdepartmental grant revenues:			
3	Total interdepartmental grants and			
4	intradepartmental transfers			181,100
5	ADJUSTED GROSS APPROPRIATION		\$	17,897,800
6	Federal revenues:			
7	Total federal revenues			254,300
8	Special revenue funds:			
9	Total local revenues			0
10	Total private revenues			0
11	Total other state restricted revenues			17,643,500
12	State general fund/general purpose		\$	0
13	Sec. 102. DEPARTMENTAL ADMINISTRATION AND			
14	SUPPORT			
15	Full-time equated unclassified positions	6.0		
16	Full-time equated classified positions	23.5		
17	Unclassified salaries--FTEs	6.0	\$	43,400
18	Administrative hearings			45,400
19	Department services--FTEs	20.0		969,200
20	Executive director programs--FTEs	3.5		238,500
21	Property management			323,000
22	Worker's compensation			100
23	GROSS APPROPRIATION		\$	1,619,600
24	Appropriated from:			
25	Special revenue funds:			
26	Bank fees			118,300
27	Captive insurance regulatory and supervision			
28	fund			800

1	Consumer finance fees		45,800
2	Credit union fees		202,600
3	Deferred presentment service transaction fees		61,300
4	Insurance bureau fund		573,400
5	Insurance continuing education fees		14,300
6	Insurance licensing and regulation fees		447,500
7	MBLSLA fund		155,300
8	Multiple employer welfare arrangement		300
9	State general fund/general purpose	\$	0
10	Sec. 103. INSURANCE AND FINANCIAL SERVICES		
11	REGULATION		
12	Full-time equated classified positions	359.0	
13	Consumer services and protection--FTEs	102.0	\$ 3,483,800
14	Financial institutions evaluation--FTEs	135.0	6,336,300
15	Insurance evaluation--FTEs	122.0	6,062,300
16	GROSS APPROPRIATION	\$	15,882,400
17	Appropriated from:		
18	Interdepartmental grant revenues:		
19	IDG from LARA, debt management		181,100
20	Federal revenues:		
21	Federal revenues		254,300
22	Special revenue funds:		
23	Bank fees		1,477,300
24	Captive insurance regulatory and supervision		
25	fund		175,000
26	Consumer finance fees		727,000
27	Credit union fees		2,285,400
28	Deferred presentment service transaction fees		612,100

1	Insurance bureau fund	5,673,500
2	Insurance continuing education fees	217,100
3	Insurance licensing and regulation fees	2,514,600
4	MBLSLA fund	1,643,400
5	Multiple employer welfare arrangement	121,600
6	State general fund/general purpose	\$ 0
7	Sec. 104. INFORMATION TECHNOLOGY	
8	Information technology services and projects	\$ 576,900
9	GROSS APPROPRIATION	\$ 576,900
10	Appropriated from:	
11	Special revenue funds:	
12	Bank fees	57,800
13	Consumer finance fees	23,800
14	Credit union fees	94,600
15	Deferred presentment service transaction fees	29,000
16	Insurance bureau fund	112,900
17	Insurance continuing education fees	5,800
18	Insurance licensing and regulation fees	186,400
19	MBLSLA fund	66,600
20	State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2021-2022

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 2021-2022 is \$17,643,500.00 and state

1 spending from state sources to be paid to local units of government
2 for fiscal year 2021-2022 is \$0.00.

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

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

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

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

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

11 (d) "IDG" means interdepartmental grant.

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

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

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

20 Sec. 204. The department and agencies receiving appropriations
21 in this part and part 1 shall use the internet to fulfill the
22 reporting requirements of this part. This requirement shall include
23 transmission of reports via email to the recipients identified for
24 each reporting requirement and it shall include placement of
25 reports on an internet site.

26 Sec. 205. To the extent permissible under section 261 of the
27 management and budget act, 1984 PA 431, MCL 18.1261:

28 (a) Funds appropriated in part 1 shall not be used for the
29 purchase of foreign goods or services, or both, if competitively

1 priced and of comparable quality American goods or services, or
2 both, are available.

3 (b) Preference shall be given to goods or services, or both,
4 manufactured or provided by Michigan businesses, if they are
5 competitively priced and of comparable quality.

6 (c) In addition, preference should be given to goods or
7 services, or both, that are manufactured or provided by Michigan
8 businesses owned and operated by veterans, if they are
9 competitively priced and of comparable quality.

10 Sec. 206. The department shall not take disciplinary action
11 against an employee of the department or departmental agency in the
12 state classified civil service because the employee communicates
13 with a member of the legislature or a member's staff unless the
14 communication is prohibited by law and the department or agency
15 taking disciplinary action is exercising its authority as provided
16 by law.

17 Sec. 207. (1) Out-of-state travel must be limited to
18 situations where the travel is approved by a departmental
19 employee's immediate supervisor and in which 1 or more of the
20 following conditions apply:

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

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

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

29 (d) The travel is necessary to comply with federal

1 requirements.

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

4 (f) The travel is financed entirely by federal or nonstate
5 funds.

6 (2) The department shall not approve the travel of more than 1
7 departmental employee to a specific professional development
8 conference or training seminar that is located outside of this
9 state unless a professional development conference or training
10 seminar is funded by a federal or private funding source and
11 requires more than 1 individual from the department to attend, or
12 the conference or training seminar includes multiple issues in
13 which 1 employee from the department does not have expertise.

14 (3) Not later than January 1, the department shall prepare a
15 travel report listing all travel by classified and unclassified
16 employees outside this state in the immediately preceding fiscal
17 year that was funded in whole or in part with funds appropriated in
18 the department's budget. The department shall submit the report to
19 the senate and house of representatives appropriations committees,
20 the senate and house fiscal agencies, and the state budget
21 director. The report must include all of the following information:

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

24 (b) The destination of each travel occurrence.

25 (c) The dates of each travel occurrence.

26 (d) A brief statement of the reason for each travel
27 occurrence.

28 (e) The transportation and related costs of each travel
29 occurrence, including the proportion funded with state general

1 fund/general purpose revenues, the proportion funded with state
2 restricted revenues, the proportion funded with federal revenues,
3 and the proportion funded with other revenues.

4 (f) A total of all out-of-state travel funded for the
5 immediately preceding fiscal year.

6 Sec. 208. Funds appropriated in this part and part 1 must not
7 be used by a principal executive department, state agency, or
8 authority to hire a person to provide legal services that are the
9 responsibility of the attorney general. This prohibition does not
10 apply to legal services for bonding activities and for those
11 outside services that the attorney general authorizes.

12 Sec. 209. Not later than November 30, the state budget office
13 shall prepare and transmit a report that provides for estimates of
14 the total general fund/general purpose appropriation lapses at the
15 close of the prior fiscal year. This report must summarize the
16 projected year-end general fund/general purpose appropriation
17 lapses by major departmental program or program areas. The state
18 budget office shall transmit the report to the chairpersons of the
19 senate and house of representatives appropriations committees and
20 the senate and house fiscal agencies.

21 Sec. 210. (1) In addition to the funds appropriated in part 1,
22 there is appropriated an amount not to exceed \$200,000.00 for
23 federal contingency authorization. These funds are not available
24 for expenditure until they have been transferred to another line
25 item in part 1 under section 393(2) of the management and budget
26 act, 1984 PA 431, MCL 18.1393.

27 (2) In addition to the funds appropriated in part 1, there is
28 appropriated an amount not to exceed \$1,000,000.00 for state
29 restricted contingency authorization. These funds are not available

1 for expenditure until they have been transferred to another line
2 item in part 1 under section 393(2) of the management and budget
3 act, 1984 PA 431, MCL 18.1393.

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

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

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

11 (c) Fiscal-year-to-date payments to a selected vendor,
12 including the vendor name, payment date, payment amount, and
13 payment description.

14 (d) The number of active department employees by job
15 classification.

16 (e) Job specifications and wage rates.

17 Sec. 212. Within 14 days after the release of the executive
18 budget recommendation, the department shall cooperate with the
19 state budget office to provide the chairpersons of the senate and
20 house appropriations committees, the chairpersons of the
21 subcommittees, and the senate and house fiscal agencies with an
22 annual report on estimated state restricted fund balances, state
23 restricted fund projected revenues, and state restricted fund
24 expenditures for the fiscal years ending September 30, 2021 and
25 September 30, 2022.

26 Sec. 213. The department shall maintain, on a publicly
27 accessible website, a department scorecard that identifies, tracks,
28 and regularly updates key metrics that are used to monitor and
29 improve the department's performance.

1 Sec. 214. Total authorized appropriations from all sources
2 under part 1 for legacy costs for the fiscal year ending September
3 30, 2022 are estimated at \$2,395,800.00. From this amount, total
4 agency appropriations for pension-related legacy costs are
5 estimated at \$1,342,300.00. Total agency appropriations for retiree
6 health care legacy costs are estimated at \$1,053,500.00.

7 Sec. 215. To the extent permissible under the management and
8 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director shall
9 take all reasonable steps to ensure businesses in deprived and
10 depressed communities compete for and perform contracts to provide
11 services or supplies, or both. The director shall strongly
12 encourage firms with which the department contracts to subcontract
13 with certified businesses in depressed and deprived communities for
14 services, supplies, or both.

15 Sec. 216. (1) On a quarterly basis, the department shall
16 report to the senate and house appropriations committees, the
17 subcommittees, and the senate and house fiscal agencies the
18 following information:

19 (a) The number of FTEs in pay status by type of staff and
20 civil service classification.

21 (b) A comparison by line item of the number of FTEs authorized
22 from funds appropriated in part 1 to the actual number of FTEs
23 employed by the department at the end of the reporting period.

24 (2) Semiannually, the department shall report to the senate
25 and house appropriations committees, the subcommittees, and the
26 senate and house fiscal agencies the following information:

27 (a) Number of employees that were engaged in remote work in
28 2021.

29 (b) Number of employees authorized to work remotely and the

1 actual number of those working remotely in the current reporting
2 period.

3 (c) Estimated net cost savings achieved by remote work.

4 (d) Reduced use of office space associated with remote work.

5 Sec. 217. Appropriations in part 1 shall, to the extent
6 possible by the department, not be expended until all existing work
7 project authorization available for the same purposes is exhausted.

8 Sec. 218. If the state administrative board, acting under
9 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount
10 appropriated under this article, the legislature may, by a
11 concurrent resolution adopted by a majority of the members elected
12 to and serving in each chamber, intertransfer funds within this
13 article for the particular department, board, commission, officer,
14 or institution.

15 Sec. 219. The department and agencies receiving appropriations
16 in this part and part 1 shall receive and retain copies of all
17 reports funded from appropriations in part 1. Federal and state
18 guidelines for short-term and long-term retention of records shall
19 be followed. The department may electronically retain copies of
20 reports unless otherwise required by federal or state guidelines.

21 Sec 220. Not later than April 1, the department shall report
22 on each specific policy change made to implement a public act
23 affecting the department that took effect during the prior calendar
24 year to the senate and house of representatives appropriations
25 committees, the subcommittees, the joint committee on
26 administrative rules, and the senate and house fiscal agencies.

27 Sec. 221. (1) From the funds appropriated in part 1, the
28 department shall do all of the following:

29 (a) Report to the house and senate appropriations committees,

1 the house and senate fiscal agencies, the house and senate policy
2 offices, and the state budget office any amounts of severance pay
3 for a department director, deputy director, or other high-ranking
4 department official not later than 14 days after a severance
5 agreement with the director or official is signed. The name of the
6 director or official and the amount of severance pay must be
7 included in the report required by this subdivision.

8 (b) Maintain an internet site that posts any severance pay in
9 excess of 6 weeks of wages, regardless of the position held by the
10 former department employee receiving severance pay.

11 (c) By February 1, report to the house and senate
12 appropriations subcommittees on the department budget, the house
13 and senate fiscal agencies, the house and senate policy offices,
14 and the state budget office on the total amount of severance pay
15 remitted to former department employees during the fiscal year
16 ending September 30, 2021, and the number of former department
17 employees that were remitted severance pay during the fiscal year
18 ending September 30, 2021.

19 (2) As used in this section, "severance pay" means
20 compensation that is both payable or paid upon the termination of
21 employment and in addition to either wages or benefits earned
22 during the course of employment or generally applicable retirement
23 benefits.

24 Sec. 222. Any department, agency, board, commission,
25 subdivision, or other executive branch entity or official of this
26 state that receives funding under part 1 shall not do the
27 following:

28 (a) Require as a condition of accessing any state services or
29 facilities that an individual provide proof that he or she has

1 received a COVID-19 vaccine.

2 (b) Produce, develop, and issue a COVID-19 vaccine passport
3 for the purpose of certifying that an individual has received a
4 COVID-19 vaccine.

5 (c) Provide information of an individual's COVID-19 vaccine
6 status to any person, company, or governmental entity for inclusion
7 in a COVID-19 vaccine passport.

8 Sec. 223. Unless prohibited by law, the department may accept
9 credit card or other electronic means of payment for licenses,
10 fees, or permits.

11 Sec. 224. The department shall submit a report to the
12 subcommittees, the senate and house fiscal agencies, and the state
13 budget director by September 30 detailing any expenditure of funds
14 for a television or radio production that was made to a third-party
15 vendor in the fiscal year ending September 30, 2022. The report
16 must include all of the following information for each expenditure:

17 (a) Total amount of the expenditure.

18 (b) Fund source for the expenditure.

19 (c) Name of any vendors that created the production and the
20 amount paid to each vendor.

21 (d) Purpose of the production.

22 Sec. 225. From the funds appropriated in part 1 from the
23 insurance bureau fund, funds may be expended to support legislative
24 participation in insurance activities coordinated by insurance and
25 legislative associations, in accordance with section 225 of the
26 insurance code of 1956, 1956 PA 218, MCL 500.225.

27
28 **INSURANCE AND FINANCIAL SERVICES REGULATION**

29 Sec. 301. The department shall provide a report to the

1 subcommittees, the senate and house fiscal agencies, and the state
2 budget director by September 30 based on the annual rate filings
3 from health insurance issuers that includes all of the following:

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

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

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

8 (d) The average number of calendar days to process rate
9 filings.

10 Sec. 302. In addition to the funds appropriated in part 1, the
11 funds collected by the department in connection with a
12 conservatorship under section 32 of the mortgage brokers, lenders,
13 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
14 collected by the department from corporations being liquidated
15 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
16 500.8302, must be appropriated for all expenses necessary to
17 provide for the required services. Funds are available for
18 expenditure when they are received by the department of treasury
19 and must not lapse to the general fund at the end of the fiscal
20 year. The total amount appropriated under this section and section
21 303 must not exceed \$300,000.00.

22 Sec. 303. The department may make available to interested
23 entities customized listings of nonconfidential information in its
24 possession. The department may establish and collect a reasonable
25 charge to provide this service. The revenue from this service is
26 appropriated when received and must be used to offset expenses to
27 provide the service. Any balance of this revenue collected and
28 unexpended at the end of the fiscal year must lapse to the
29 appropriate restricted fund. The total amount appropriated under

1 this section and section 302 must not exceed \$300,000.00.

2 Sec. 304. (1) The department shall prepare an annual report
3 that includes, but is not limited to, all of the following
4 information:

5 (a) The number of out-of-network billing complaints received
6 by the department from enrollees or their authorized
7 representatives.

8 (b) The number of out-of-network billing complaints received
9 by the department from enrollees or their authorized
10 representatives, separated by provider specialty.

11 (c) For each health plan, the ratio of out-of-network billing
12 complaints to the total number of enrollees in the health plan.

13 (d) Insurer network adequacy by provider specialty.

14 (2) The department shall provide the report described under
15 subsection (1) to the standing committees of the senate and house
16 of representatives with primary jurisdiction over insurance and
17 health policy issues and the subcommittees. The report must be
18 posted on the department's website.

19 Sec. 305. The department must provide a midyear update to the
20 report required under section 6303 of the insurance code of 1956,
21 1956 PA 218, MCL 500.6303. The department shall transmit to the
22 standing committees of the senate and house with primary
23 jurisdiction over insurance issues, the subcommittees, the senate
24 and house fiscal agencies, and the state budget director.

25 Sec. 306. The department must produce a report and transmit
26 the report to the subcommittees, senate and house fiscal agencies,
27 and state budget director by December 31. The report must include
28 all of the following information for the prior fiscal year:

29 (a) The number of complaints received by the office of

1 consumer services, with number of complaints specified for auto
2 insurers, health insurers, life insurers, other types of insurers,
3 banks, credit unions, deferred presentment service providers, and
4 other consumer finance license types.

5 (b) A description of the process that the office of consumer
6 services uses to resolve complaints.

7 (c) A description of the types of complaints received by the
8 office of consumer services pertaining to auto insurers, with
9 counts of the number of complaints of that type received.

10 (d) The number of investigations that the office of consumer
11 services initiated and the number of investigations that the office
12 closed.

13 (e) The number of recoveries that the office of consumer
14 services secured and the total value of those recoveries.

15 (f) The number and type of enforcement actions taken against
16 licensees as a result of complaints received by the office of
17 consumer services.

18 (g) A description of the staffing level and staff
19 responsibilities in the office of consumer services.

20 Sec. 307. The department must update examination manuals and
21 letters of guidance to state-chartered financial institutions as
22 necessary to reflect how the department will evaluate institutions
23 that provide banking or other financial services to marijuana-
24 related businesses or businesses that transport, test, grow,
25 process, or sell marijuana based on the most recent state laws and
26 guidance. The department may also include guidance or information
27 on how federal law and regulations may impact state-chartered
28 institutions.