

**SUBSTITUTE FOR
SENATE BILL NO. 87**

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	3.0
Full-time equated classified positions	309.7

1	GROSS APPROPRIATION		\$ 72,962,900
2	Total interdepartmental grants and		
3	intradepartmental transfers		724,600
4	ADJUSTED GROSS APPROPRIATIONS		72,238,300
5	Federal revenues:		
6	Total federal revenues		1,017,100
7	Special revenue funds:		
8	Total local revenues		0
9	Total private revenues		0
10	Total other state restricted revenues		71,221,200
11	State general fund/general purpose	\$	0
12	DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES		
13	Full-time equated unclassified positions	3.0	
14	Full-time equated classified positions	21.2	
15	Unclassified salaries--FTE positions	3.0	\$ 820,600
16	Administrative hearings		181,700
17	Department services--* FTE positions	20.2	3,876,900
18	Executive director programs--* FTE positions	1.0	954,100
19	Property management		1,292,000
20	Worker's compensation		400
21	GROSS APPROPRIATION	\$	7,125,700
22	Appropriated from:		
23	Bank fees		532,400
24	Captive insurance regulatory and supervision		
25	fund		3,000
26	Consumer finance fees		210,200
27	Credit union fees		887,000
28	Deferred presentment service transaction fees		280,600

1	Insurance bureau fund		2,511,900
2	Insurance continuing education fees		66,000
3	Insurance licensing and regulation fees		1,951,100
4	MBLSLA fund		682,200
5	Multiple employer welfare arrangement		1,300
6	Total other state restricted revenues		7,125,700
7	State general fund/general purpose	\$	0
8	DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES		
9	Full-time equated classified positions	288.5	
10	Insurance evaluation--* FTE positions	124.6	24,249,200
11	Financial institutions evaluation--* FTE		
12	positions	104.4	25,345,300
13	Consumer services and protection--* FTE		
14	positions	59.5	13,935,300
15	GROSS APPROPRIATION	\$	63,529,800
16	Appropriated from:		
17	IDG - LARA, for debt management		724,600
18	Total interdepartmental grants and		
19	intradepartmental transfers		724,600
20	Federal revenues		1,017,100
21	Total federal revenues		1,017,100
22	Bank fees		5,909,300
23	Captive insurance regulatory and supervision		
24	fund		699,800
25	Consumer finance fees		2,908,000
26	Credit union fees		9,141,600
27	Deferred presentment service transaction fees		2,448,500
28	Insurance bureau fund		22,694,500

1	Insurance continuing education fees	868,400
2	Insurance licensing and regulation fees	10,058,200
3	MBLSLA fund	6,573,500
4	Multiple employer welfare arrangement	486,300
5	Total other state restricted revenues	61,788,100
6	State general fund/general purpose	\$ 0
7	DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES	
8	Information technology services and projects	2,307,400
9	GROSS APPROPRIATION	\$ 2,307,400
10	Appropriated from:	
11	Bank fees	231,000
12	Consumer finance fees	95,300
13	Credit union fees	378,200
14	Deferred presentment service transaction fees	116,100
15	Insurance bureau fund	451,500
16	Insurance continuing education fees	23,300
17	Insurance licensing and regulation fees	745,700
18	MBLSLA fund	266,300
19	Total other state restricted revenues	2,307,400
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 \$71,221,200 and state spending

1 from state sources to be paid to local units of government for
2 fiscal year 2021-2022 is \$0.

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. Funds appropriated in this part and part 1 must not
27 be used for the purchase of foreign goods or services, or both, if
28 competitively priced and of comparable quality American goods or
29 services, or both, are available. Preference must be given to goods

1 or services, or both, manufactured or provided by Michigan
2 businesses, if they are competitively priced and of comparable
3 quality. In addition, preference must be given to goods or
4 services, or both, that are manufactured or provided by Michigan
5 businesses owned and operated by veterans, if they are
6 competitively priced and of comparable quality.

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

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

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

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

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

26 (d) The travel is necessary to comply with federal
27 requirements.

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

1 (f) The travel is financed entirely by federal or nonstate
2 funds.

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

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

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

21 (b) The destination of each travel occurrence.

22 (c) The dates of each travel occurrence.

23 (d) A brief statement of the reason for each travel
24 occurrence.

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

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

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

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

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

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

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

25 (c) Fiscal-year-to-date payments to a selected vendor,
26 including the vendor name, payment date, payment amount, and
27 payment description.

28 (d) The number of active department employees by job
29 classification.

1 (e) Job specifications and wage rates.

2 Sec. 212. Within 14 days after the release of the executive
3 budget recommendation, the department shall cooperate with the
4 state budget office to provide the chairpersons of the senate and
5 house appropriations committees, the chairpersons of the
6 subcommittees, and the senate and house fiscal agencies with an
7 annual report on estimated state restricted fund balances, state
8 restricted fund projected revenues, and state restricted fund
9 expenditures for the fiscal years ending September 30, 2021 and
10 September 30, 2022.

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

15 Sec. 214. Total authorized appropriations from all sources
16 under part 1 for legacy costs for the fiscal year ending September
17 30, 2022 are estimated at \$9,583,100.00. From this amount, total
18 agency appropriations for pension-related legacy costs are
19 estimated at \$5,369,000.00. Total agency appropriations for retiree
20 health care legacy costs are estimated at \$4,214,100.00.

21 Sec. 215. To the extent permissible under the management and
22 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director shall
23 take all reasonable steps to ensure businesses in deprived and
24 depressed communities compete for and perform contracts to provide
25 services or supplies, or both. The director shall strongly
26 encourage firms with which the department contracts to subcontract
27 with certified businesses in depressed and deprived communities for
28 services, supplies, or both.

29 Sec. 216. (1) On a quarterly basis, the department shall

1 report to the senate and house appropriations committees, the
2 senate and house appropriations subcommittees on the department
3 budget, and the senate and house fiscal agencies the following
4 information:

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

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

10 (2) By April 1 of the current fiscal year and semiannually
11 thereafter, the department shall report to the senate and house
12 appropriations committees, the senate and house appropriations
13 subcommittees on the department budget, and the senate and house
14 fiscal agencies the following information:

15 (a) Number of employees that were engaged in remote work in
16 2021.

17 (b) Number of employees authorized to work remotely and the
18 actual number of those working remotely in the current reporting
19 period.

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

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

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

25 Sec. 218. If the state administrative board, acting under
26 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount
27 appropriated under this article, the legislature may, by a
28 concurrent resolution adopted by a majority of the members elected
29 to and serving in each chamber, intertransfer funds within this

1 article for the particular department, board, commission, officer,
2 or institution.

3 Sec. 219. The department and agencies receiving appropriations
4 in this part and part 1 shall receive and retain copies of all
5 reports funded from appropriations in part 1. Federal and state
6 guidelines for short-term and long-term retention of records shall
7 be followed. The department may electronically retain copies of
8 reports unless otherwise required by federal or state guidelines.

9 Sec 220. Not later than April 1, the department shall report
10 on each specific policy change made to implement a public act
11 affecting the department that took effect during the prior calendar
12 year to the senate and house of representatives appropriations
13 committees, the subcommittees, the joint committee on
14 administrative rules, and the senate and house fiscal agencies.

15 Sec. 221. Unless prohibited by law, the department may accept
16 credit card or other electronic means of payment for licenses,
17 fees, or permits.

18 Sec. 222. The department shall submit a report to the
19 subcommittees, the senate and house fiscal agencies, and the state
20 budget director by September 30 detailing any expenditure of funds
21 for a television or radio production that was made to a third-party
22 vendor in the fiscal year ending September 30, 2022. The report
23 must include all of the following information for each expenditure:

24 (a) Total amount of the expenditure.

25 (b) Fund source for the expenditure.

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

28 (d) Purpose of the production.
29

INSURANCE AND FINANCIAL SERVICES REGULATION

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

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

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

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

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

Sec. 305. Effective January 1, 2021, the department must provide a midyear update to the report required under section 6303 of the insurance code of 1956, 1956 PA 218, MCL 500.6303. The department shall transmit to the standing committees of the senate and house with primary jurisdiction over insurance issues, the subcommittees, the senate and house fiscal agencies, and the state budget director.

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

(a) The number of complaints received by the office of consumer services, with number of complaints specified for auto insurers, health insurers, life insurers, other types of insurers, banks, credit unions, deferred presentment service providers, and other consumer finance license types.

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

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

4 (d) The number of investigations that the office of consumer
5 services initiated and the number of investigations that the office
6 closed.

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

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

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

14 Sec. 307. Effective January 1, 2021, the department must
15 update examination manuals and letters of guidance to state-
16 chartered financial institutions as necessary to reflect how the
17 department will evaluate institutions that provide banking or other
18 financial services to marijuana-related businesses or businesses
19 that transport, test, grow, process, or sell marijuana based on the
20 most recent state laws and guidance. The department may also
21 include guidance or information on how federal law and regulations
22 may impact state-chartered institutions.

23 Sec. 308. From any federal funds received by the department
24 for the establishment of a state or regional health care claims
25 database, the department shall prioritize all of the following
26 qualifications for potential entities when awarding any contract
27 for the creation of the database:

28 (a) Status as a not-for-profit Michigan-based organization or
29 partnership.

1 (b) Prior experience collecting and analyzing health care
2 data, preferably claims data or similar datasets.

3 (c) Prior experience working with researchers on health care
4 outcomes and utilization.

5 (d) Prior experience working with public health officials on
6 public health outcomes and utilization.

7 (e) Prior experience collecting and analyzing data related to
8 health care pricing.

9 (f) Ability of organization to provide data that could enhance
10 the value of a database, such as health outcomes, health status,
11 and analysis of care delivery models.