

FY 2015-16: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES



**Summary: As Reported by House Appropriations Committee
Article XI, House Bill 4102 (H-1)**

Analyst: Paul B.A. Holland

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$707,600	\$707,600	\$707,600			\$0	0.0
Federal	2,000,000	2,000,000	2,000,000			0	0.0
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	62,427,100	62,200,100	62,200,100			(227,000)	(0.4)
GF/GP	55,000	150,000	150,000			95,000	172.7
Gross	\$65,189,700	\$65,057,700	\$65,057,700			(\$132,000)	(0.2)
FTEs	343.0	343.0	343.0			0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) 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 regulating, licensing, evaluating, 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 and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; all insurance companies and agents, and health maintenance organizations. 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 2014-15 YTD Appropriations

1. Report on Healthy Michigan Plan Impact on Insurance Rates
Executive increases GF/GP spending authorization to support departmental expenses 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 as it relates to changes in health insurance rates, pursuant to Section 105d of The Social Welfare Act (as amended by 2013 PA 107). 2014 PA 252 appropriated \$55,000 for the initial baseline report, included as ongoing for FY 2015-16, resulting in a recommended total of \$150,000 for the aforementioned evaluation and report. House concurs.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$55,000	\$95,000
GF/GP	\$55,000	\$95,000

2. Michigan Business One Stop Charges
Executive decreases spending authorization for information technology charges by the Department of Technology, Management, and Budget, resultant from the elimination of the Michigan Business One Stop web portal and call center pursuant to 2014 PA 252. House concurs.

Gross	\$78,500	(\$78,500)
Restricted	78,500	(78,500)

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
3. Technical Adjustments	FTE	42.0
<u>Executive</u> includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>House</u> concurs.	Gross	\$11,879,300
	Restricted	11,879,300
		0.0
		\$0
		0
4. Economic Adjustments	Gross	NA
<u>Executive</u> includes adjustments to reflect net cost reduction for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> concurs.	Restricted	NA
		(\$148,500)
		(148,500)

Major Boilerplate Changes From FY 2014-15

Sec. 240. Filled FTE Report – DELETED

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 and indicating FTEs allocated to economic development activities during the preceding fiscal year. Executive eliminates. House concurs.

Sec. 245. Healthy Michigan Plan Accounting Structure – REVISED

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 provide the Legislature with relevant accounting scripts and reports. Executive eliminates. House retains, but removes requirement to provide Legislature with relevant scripts and reports.

Sec. 246. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – REVISED

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. Executive eliminates. House retains, but removes requirement to obtain at least two bids.

Various Sections Deleted by Executive, Retained by House

Executive eliminates Secs. 205, 212, 215, 219, 232, 310, 802; House retains.