

**FY 2018-19: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**



**Summary: As Passed by the House  
Article XI, House Bill 5578 (H-1)**

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	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
IDG/IDT	\$707,600	\$713,800	\$713,800			\$6,200	0.9
<b>Federal</b>	2,014,700	2,017,300	2,017,300			2,600	0.1
<b>Local</b>	0	0	0			0	--
<b>Private</b>	0	0	0			0	--
<b>Restricted</b>	63,869,100	64,690,800	65,090,800			1,221,700	1.9
<b>GF/GP</b>	150,000	150,000	150,000			0	0.0
<b>Gross</b>	<b>\$66,741,400</b>	<b>\$67,571,900</b>	<b>\$67,971,900</b>			<b>\$1,230,500</b>	<b>1.8</b>
<b>FTEs</b>	342.5	342.5	342.5			0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (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, examining, evaluating, and promoting the insurance and financial services industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

<b>Major Budget Changes From FY 2017-18 YTD Appropriations</b>		<b>FY 2017-18 Year-to-Date (as of 2/7/18)</b>	<b>FY 2018-19 House Change</b>
<b>1. Technical Adjustments</b>			
<u>Executive</u> includes internal adjustments which have no overall Gross or GF/GP impact. Technical adjustments include fund shifts reflected in several line items in order to align with the department's cost allocation plan. <u>House</u> concurs.	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	GF/GP	NA	\$0
<b>2. Economic Adjustments</b>			
<u>Executive</u> reflects increased costs of \$830,500 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	<b>Gross</b>	<b>NA</b>	<b>\$830,500</b>
	IDG	NA	6,200
	Federal	NA	2,600
	Restricted	NA	821,700
	GF/GP	NA	\$0
<b>3. Insurance Evaluation Enhancement</b>			
<u>House</u> includes additional one-time funding for the department to complete a study, with the assistance of an actuarial firm, capable of supporting this state's pursuit of a state innovation waiver, available under section 1332 of the Patient Protection and Affordable Care Act.	<b>Gross</b>	<b>NA</b>	<b>\$400,000</b>
	Restricted	NA	400,000
	GF/GP	NA	\$0

**Major Boilerplate Changes From FY 2017-18**

**Sec. 207. Out-of-State Travel Requirements and Report – RETAINED**

Stipulates various limitations regarding the conditions when DIFS may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Executive revises to strike sections delineating conditions for the permissibility of out-of-state travel and by heavily modifying the requirements of the report. House retains.

**Sec. 218. Communications with the Legislature – RETAINED**

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the legislature or its staff. Executive deletes. House retains.

## **Major Boilerplate Changes From FY 2017-18**

### ***Sec. 219. Television and Radio Productions – RETAINED***

Prohibits DIFS from developing or producing television or radio productions. Executive deletes. House retains.

### ***Sec. 220. Healthy Michigan Plan Accounting Structure – RETAINED***

Requires DIFS, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system which will facilitate the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains.

### ***Sec. 221. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – RETAINED***

Stipulates that the 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. Executive deletes. House retains.

### ***Sec. 301. Health Insurance Rate Filings Report – REVISED***

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included. Executive deletes. House revises to delete requirement that the report contain an estimated percentage of uninsured within the state.

### ***Sec. 401. Section 1332 State Innovation Waiver Study – NEW***

House adds new language requiring DIFS to use one-time funding to have an actuarial firm complete a study capable of supporting this state's pursuit of a section 1332 state innovation waiver under the Patient Protection and Affordable Care Act.