

**Summary: Executive Budget Recommendation  
for Fiscal Year 2016-17  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**



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	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	2,000,000	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	62,200,100	63,449,600	1,249,500	2.0
GF/GP	150,000	150,000	0	0.0
<b>Gross</b>	<b>\$65,057,700</b>	<b>\$66,307,200</b>	<b>\$1,249,500</b>	<b>1.9</b>
FTEs	343.0	343.0	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 industries operating within the state and providing consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS implements, administers, and enforces state statutes pertaining to state-chartered banks and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; insurance companies, agents, and products; 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.

<b>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</b>		<b>FY 2015-16 YTD (as of 2/10/16)</b>	<b>Executive Change from YTD</b>
<b>1. Technical Authorization Adjustments and Fund Shifts</b>	<b>Gross</b>	<b>\$3,332,100</b>	<b>\$0</b>
Reflects net impact of 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.	Restricted	3,332,100	0
<b>2. Early Out Five-Year Payouts</b>	<b>Gross</b>	<b>\$138,500</b>	<b>(\$138,500)</b>
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted	138,500	(138,500)
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,388,000</b>
Reflects increased costs for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	Restricted	NA	1,388,000

**Major Boilerplate Changes From FY 2015-16**

**Sec. 205. Metrics for New Programs or Program Enhancements – DELETED**

Requires DIFS to provide a list identifying program-specific metrics intended to measure performance based on a return on taxpayer investment and update the Legislature on its progress in tracking metrics and the status of program success.

**Sec. 212. Record Retention – DELETED**

Requires DIFS to retain all records in accordance with state and federal guidelines.

**Major Boilerplate Changes From FY 2015-16**

**Sec. 215. Communications with the Legislature – DELETED**

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff.

**Sec. 219. Office Space Consolidation Plan – DELETED**

Requires DIFS to submit a report describing the amount of office space paid for and the amount actually utilized during the previous year and the amount estimated to be utilized during the current and subsequent years.

**Sec. 229. Department Scorecard Website and Health Insurance Rate Filings Report – REVISED**

Requires DIFS to maintain a department scorecard website that identifies, updates, and tracks key metrics to monitor the department's performance and submit a separate report on annual rate filings by health insurers. Revises by modifying the delineated reporting requirements for rate filings.

**Sec. 232. Television and Radio Productions – DELETED**

Prohibits DIFS from developing or producing television or radio productions.

**Sec. 245. Healthy Michigan Plan Accounting Structure – REVISED**

Requires DIFS in conjunction with the Department of Health and Human Services (DHHS) to maintain accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires DIFS to annually provide the Legislature with relevant accounting scripts and reports. Revises by eliminating requirement to provide accounting scripts and reports to the Legislature.

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

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.

**Sec. 310. Economic Development Report – DELETED**

Requires DIFS to submit a report pertaining to the total amounts expended and number of FTEs utilized during the preceding fiscal year to support the economic development of the insurance or financial industries and to provide a detailed 2-year plan for DIFS activities to support the economic development of the insurance or financial industries.

**Sec. 392. Fees for Customized Listings – NEW**

Permits DIFS to provide customized lists of non-confidential information to interested parties and charge reasonable fees; states that funds lapse to appropriate restricted fund accounts.

**Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – DELETED**

Requires DIFS to submit a report pertaining to the number of claims approved for reimbursement within each county, the amount expended for reimbursement of each carrier, and detailed claims statistics associated with the Autism Coverage Reimbursement Program authorized by 2012 PA 101.

**Other Supplemental Recommendations for FY 2015-16 Appropriations**

**FY 2015-16  
Recommendation**

**1. Autism Coverage Reimbursement Program**

Includes spending authorization to support the reimbursement of 18 eligible health insurance carriers for 30,060 approved, yet unpaid, claims associated with the diagnosis and treatment of autism spectrum disorder (ASD) submitted prior to 2016. Reimbursements are administered under the Autism Coverage Reimbursement Program (ACRP) and are financed with money from the Autism Coverage Fund (ACF), which was depleted during November 2015, subsequent to rapidly escalating submissions of reimbursement claims. A total of \$26.0 million GF/GP was appropriated to the ACF between FY 2012-13 and FY 2013-14, while \$8.5 million was appropriated from the ACF to DHHS during FY 2014-15, resulting in a net available appropriation of \$17.5 million, which has supported the reimbursement of 143,766 claims submitted by 27 carriers.

<b>Gross</b>	<b>\$2,225,000</b>
<b>GF/GP</b>	<b>\$2,225,000</b>