



Budget Briefing: Insurance and Financial Services

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Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

Department of Insurance and Financial Services

The Department of Insurance and Financial Services (DIFS) was created by Executive Order 2013-1. This order transferred the former Office of Financial and Insurance Regulation and the Autism Coverage Reimbursement Program from the Department of Licensing and Regulatory Affairs (LARA).

- DIFS is responsible for:
 - Regulating, licensing, examining, evaluating, and promoting the insurance and financial industries operating within the state
 - Providing consumer protection by managing consumer information and inquiries and investigating consumer complaints
- DIFS implements, administers, and enforces statutes pertaining to:
 - State-chartered banks and credits unions
 - Mortgage brokers, lenders, and servicers
 - Consumer finance entities
 - Insurance companies, agents, and products
 - Health maintenance organizations

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2016-17 is October 1, 2016 through September 30, 2017.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the Legislature.

Line Item: Specific appropriation amount in a budget bill which establishes spending authorization for a particular program or function.

Boilerplate: Specific language sections in a budget bill which direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapse: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

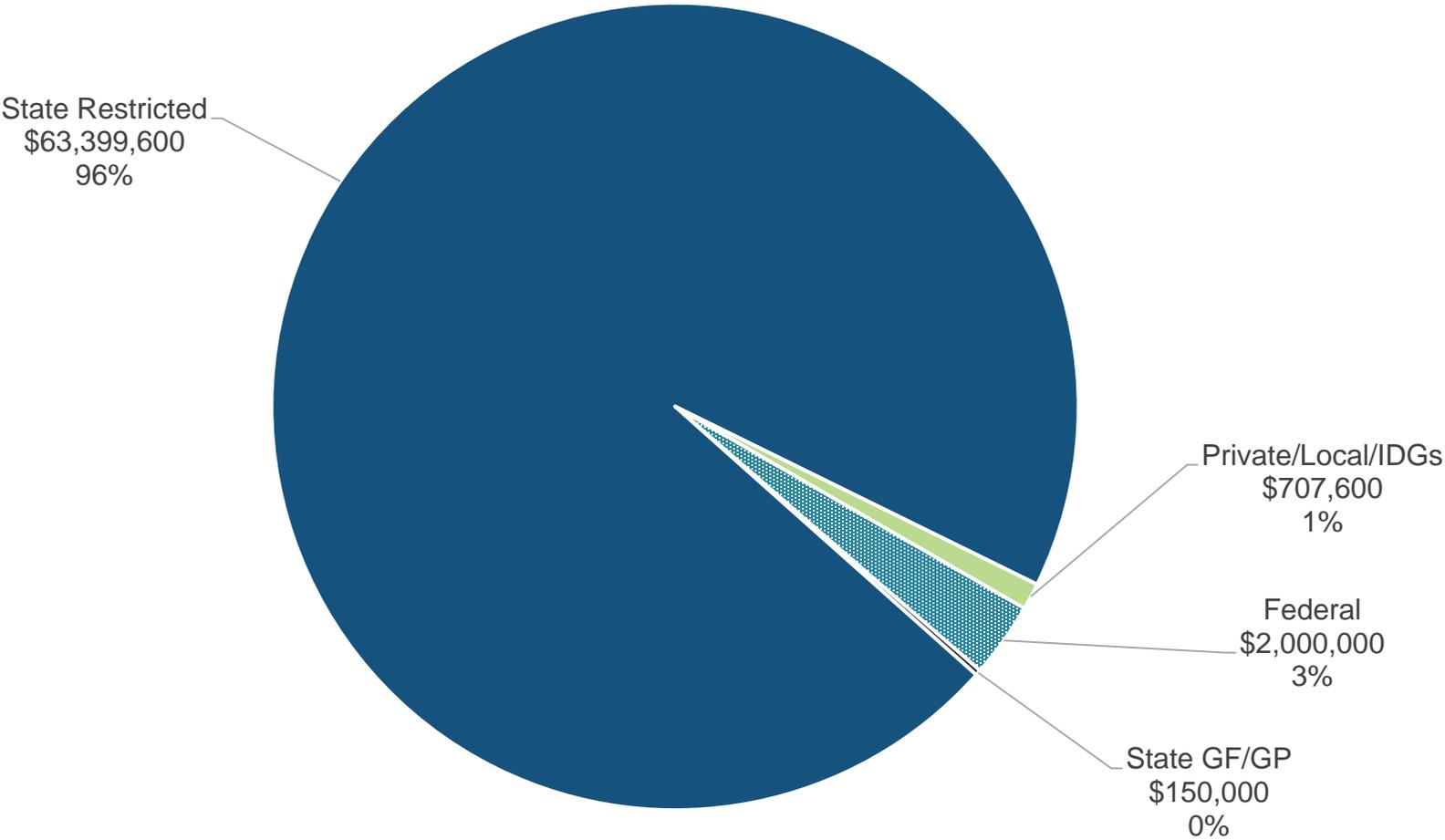
Funding Sources

FY 2016-17 DIFS Budget

Fund Source	Funding	Description
Gross Appropriations	\$66,257,200	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	707,600	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$65,549,600	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	2,000,000	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	0	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	63,399,600	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	\$150,000	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the Legislature

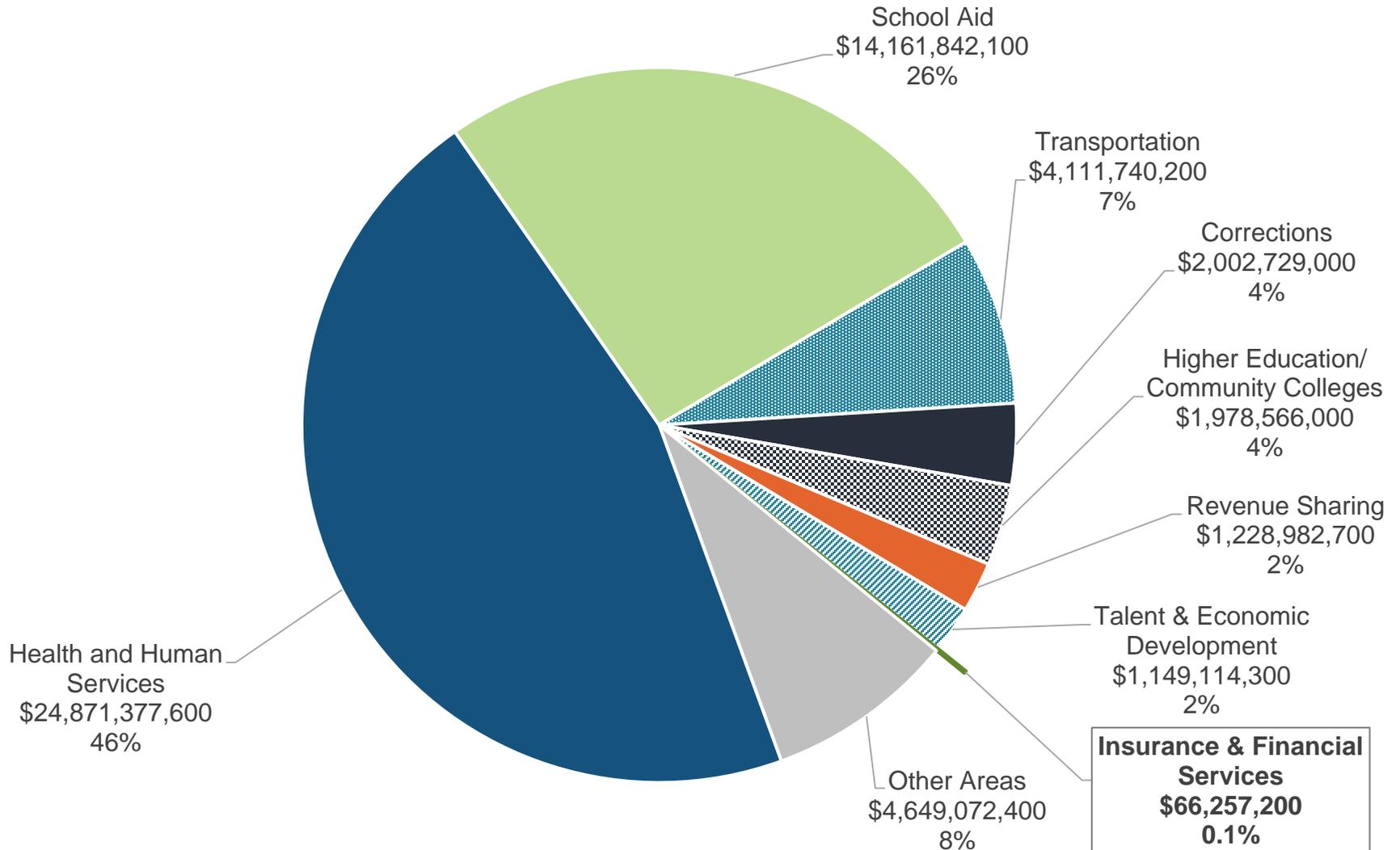
FY 2016-17 Fund Sources

Over 95% of the **\$66.3 million** DIFS budget is funded by state restricted revenue generated by fees and fines levied on individuals and entities regulated by DIFS.



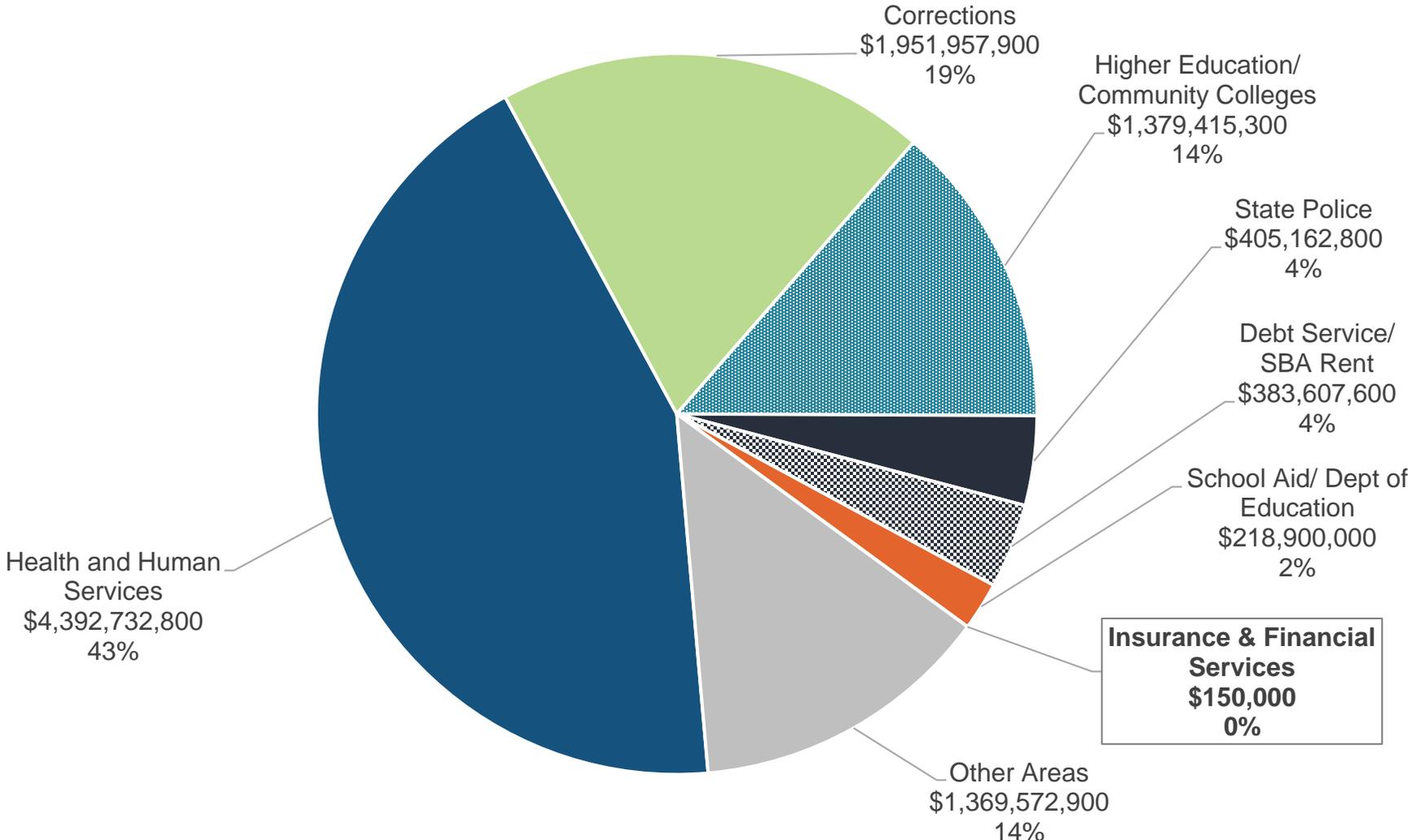
DIFS Share of Total State Budget

The DIFS budget represents merely 1/10th of 1% of the **\$54.2 billion** state budget (adjusted gross) for FY 2016-17.



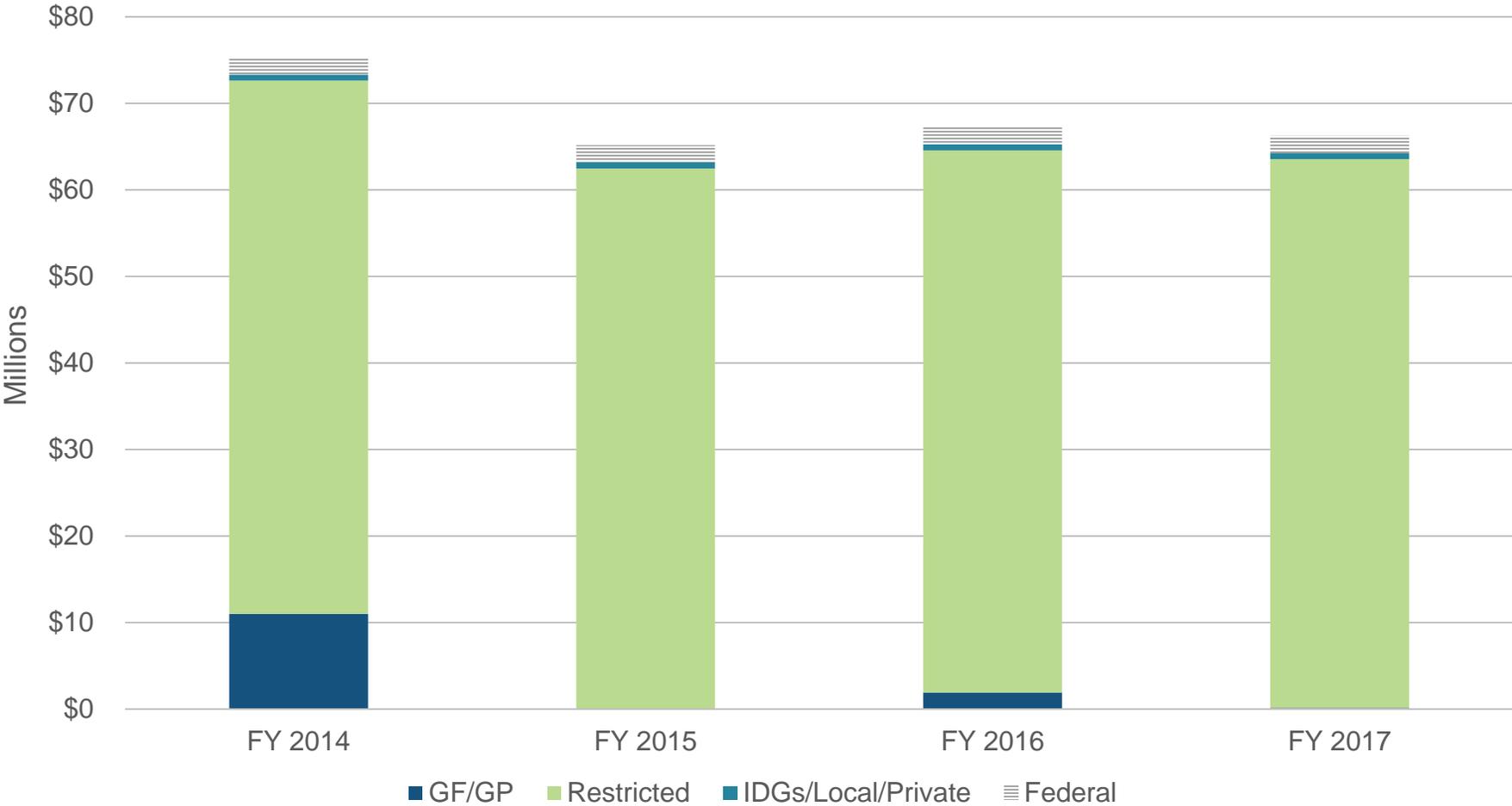
DIFS Share of Total GF/GP Budget

The DIFS budget represents a negligible amount of the state's **\$10.1 billion** GF/GP budget for FY 2016-17.



DIFS Funding History

Funding for Insurance and Financial Services, specifically GF/GP, substantially declined for FY 2014-15 due to elimination of an appropriation for the Autism Converge Fund (supplemental appropriation to the Fund during FY 2015-16).



Note: DIFS functions were appropriated within LARA prior to FY 2013-14

Appropriation Areas

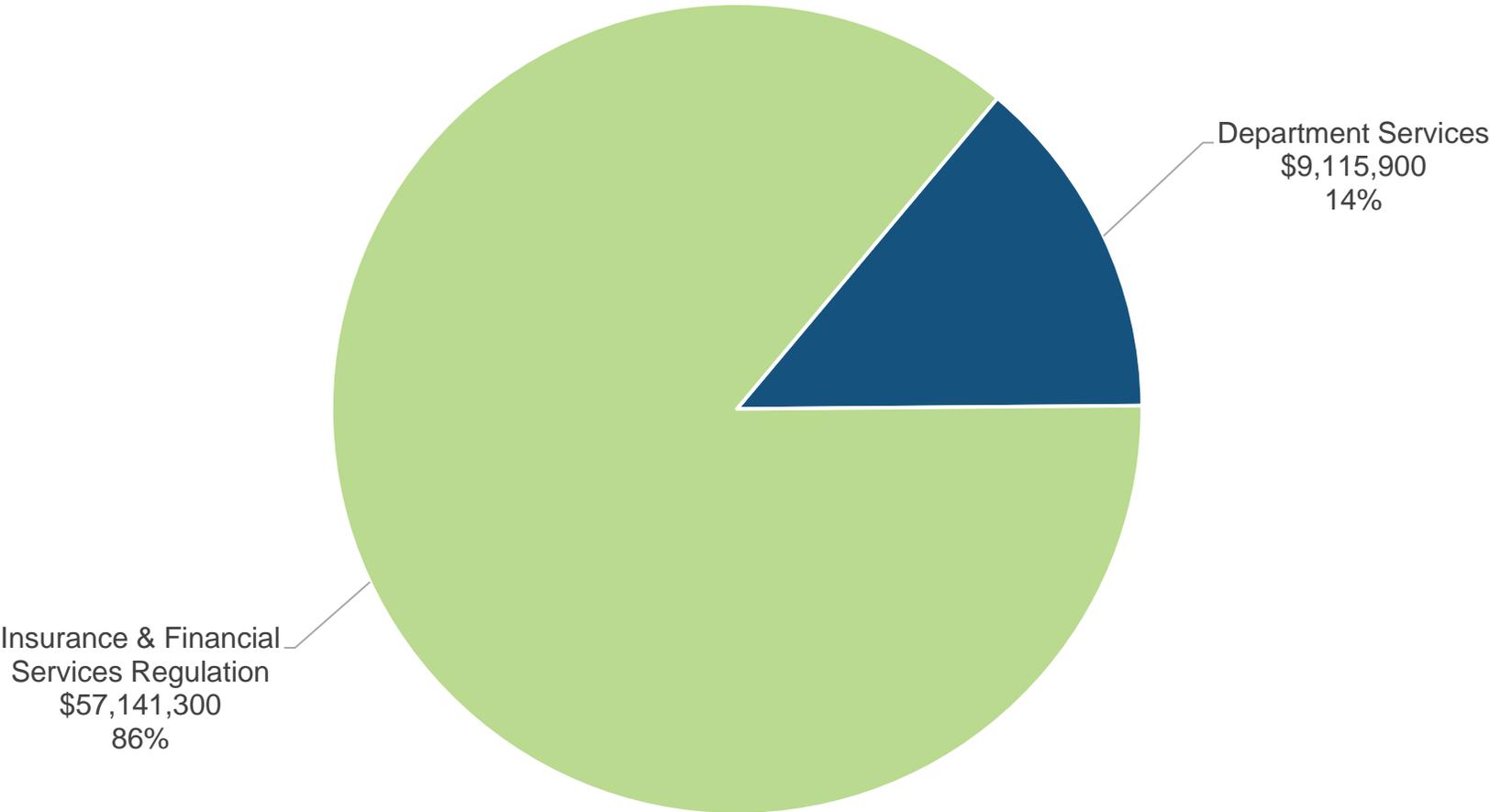
DIFS Appropriation Areas

Department Services: supports the executive direction and administrative functions of the department and various overhead expenses incurred by the department

Insurance & Financial Services Regulation: supports the regulatory oversight of the insurance and financial industries, legal advice and representation, and consumer services and protection functions

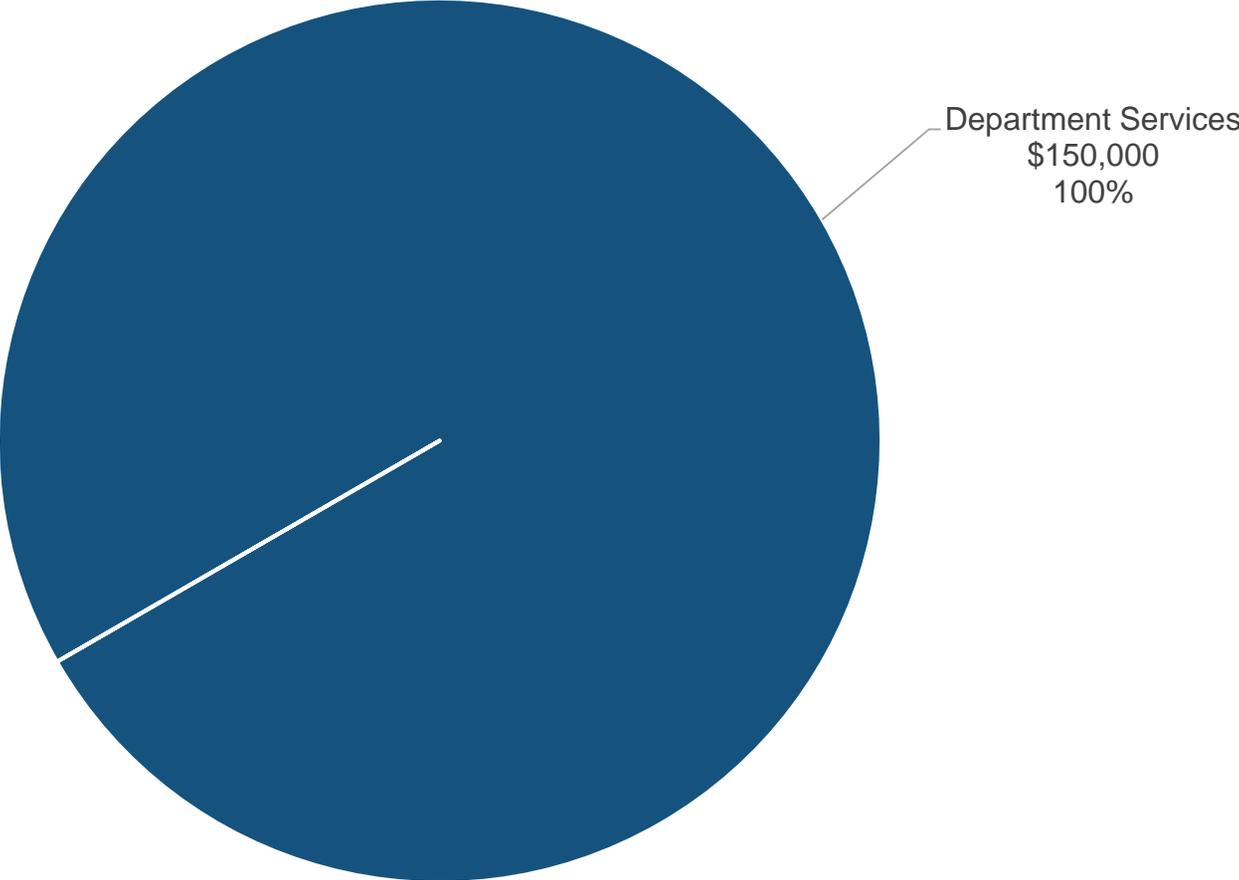
FY 2016-17 Gross Appropriations

About one-seventh of the **\$66.3 million** DIFS budget supports executive and administrative functions and various departmental overhead expenses.



FY 2016-17 GF/GP Appropriations

GF/GP funds (totaling \$150,000) are exclusively for contract expenses associated with required reporting pertaining to the Healthy Michigan Plan.

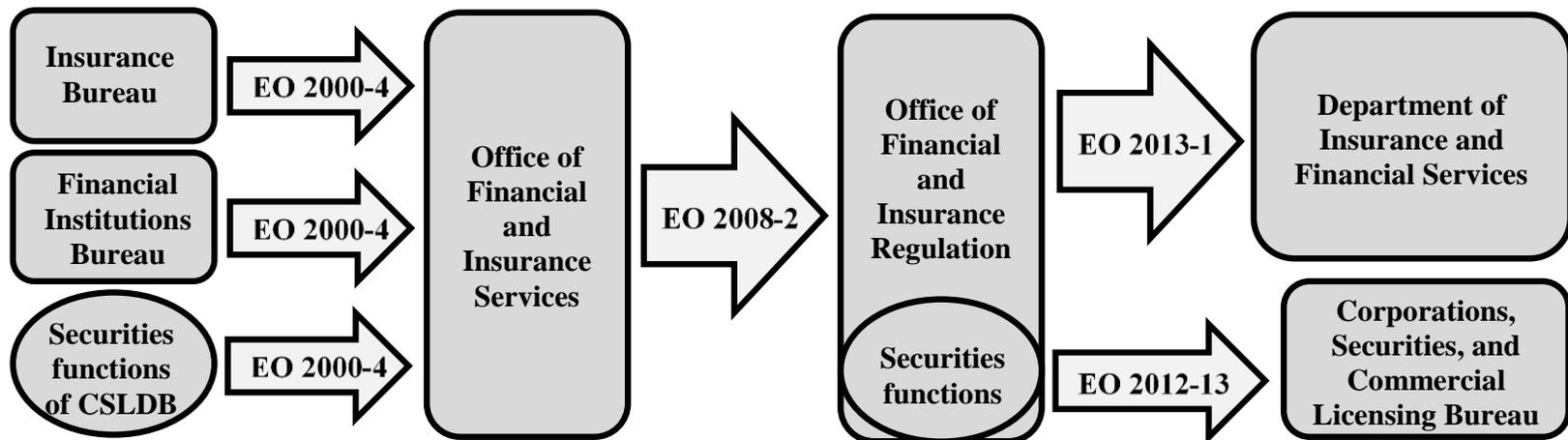


Major Budget Topics

DIFS Organizational History

DIFS is the successor to the Office of Financial and Insurance Regulation (OFIR), which was preceded by the Office of Financial and Insurance Services. That office was synthesized from the Insurance Bureau, Financial Institutions Bureau, and the securities functions of the former Corporation, Securities, and Land Development Bureau.

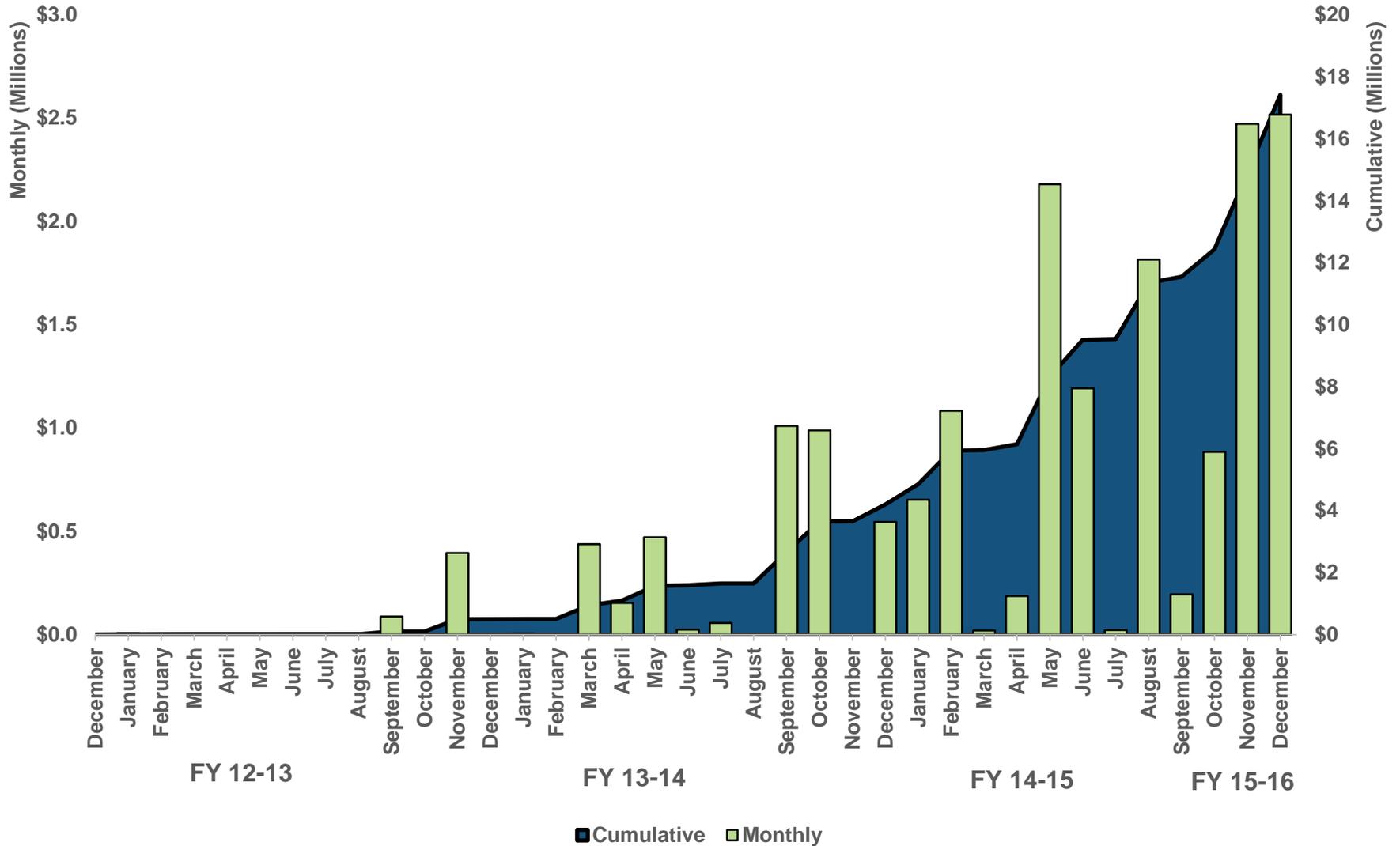
DIFS retains all of the authority, powers, duties, functions, and responsibilities of OFIR, except for the enforcement of financial securities regulations by the Securities Division (this function was transferred to the Corporations, Securities, and Commercial Licensing Bureau within LARA).



Autism Coverage Reimbursement Program

- The autism spectrum disorder (ASD) coverage mandate, under 2012 PAs 99 and 100, became effective for insurance certificates and policies issued, amended, or renewed on or after October 15, 2012
- 2012 PA 101 established the Autism Coverage Reimbursement Program (ACRP) to reimburse health insurance carriers for paid claims for diagnosis and treatment of ASD from the Autism Coverage Fund (ACF)
- Appropriation for the ACF was **\$15.0 million** GF/GP in FY 2012-13 and **\$11.0 million** GF/GP in FY 2013-14, with no appropriation *for* the ACF during subsequent years; however, **\$8.5 million** was appropriated *from* the ACF within the DCH budget during FY 2014-15 for autism provider education programs and family assistance services
- A total of 29 carriers have received **\$19.6 million** in reimbursements for 157,555 claims, between October 2012 and January 2017; claims and reimbursements substantially and continually rose since the inception of the ACRP
- The ACF was depleted by November 24, 2015, with **\$2.8 million** in outstanding claims as of April 30, 2016; **\$1,775,100** GF/GP and **\$449,900** in restricted funds was appropriated through PA 268 during FY 2015-16 to reimburse a prorated portion of these claims.

Autism Coverage Reimbursements



For more information about the Insurance and Financial Services budget:

HFA Resources

<http://www.house.mi.gov/hfa/InsFinancialServices.asp>

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