

**Summary: Executive Budget Recommendation  
for Fiscal Year 2023-24  
INSURANCE AND FINANCIAL SERVICES**



**Analyst: Marcus Coffin**

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
IDG/IDT	\$736,500	\$732,100	(\$4,400)	(0.6)
Federal	1,017,100	1,017,100	0	0.0
Local	0	0	0	--
Private	0	0	0	--
Restricted	72,581,900	72,398,700	(183,200)	(0.3)
GF/GP	0	0	0	--
<b>Gross</b>	<b>\$74,335,500</b>	<b>\$74,147,900</b>	<b>(\$187,600)</b>	<b>(0.3)</b>
FTEs	390.5	390.5	0.0	0.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (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 and promoting the insurance and financial services industries operating within the 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 2022-23 Year-to-Date (YTD) Appropriations</b>	<b>FY 2022-23 YTD (as of 2/8/23)</b>	<b>Executive Change from YTD</b>
<b>1. Economic Adjustments</b>	<b>Gross</b>	<b>NA (\$187,600)</b>
Reflects decreased net costs of \$187,600 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), overtime, longevity, actuarially required retirement contributions, other employee retirement costs, building occupancy charges, and other economic adjustments.	IDG/IDT	NA (4,400)
	Restricted	NA (183,200)
	GF/GP	NA \$0

**Major Boilerplate Changes from FY 2022-23**

**Sec. 206. Communication with the Legislature – DELETED**

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. (Governor deemed this section unenforceable in FY 2022-23.)

**Sec. 210. Legislative Contingency Transfer Authorization – REVISED**

Allows for the legislative transfer process to increase federal authorization by up to \$200,000 and state restricted authorization by up to \$1.0 million. Revised to increase maximum amounts of contingency authorizations to increase federal authorization by up to \$1.0 million and state restricted authorization by up to \$5.0 million.

**Sec. 211. Transparency Website – DELETED**

Requires DIFS, in cooperation with DTMB, to maintain a searchable website accessible by public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates.

**Sec. 211. Access to State and Local Services – NEW**

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers.

## **Major Boilerplate Changes from FY 2022-23**

### **Sec. 212. Restricted Fund Report – DELETED**

Requires DIFS to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years.

### **Sec. 213. Department Scorecard Website – DELETED**

Requires DIFS to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance.

### **Sec. 214. Legacy Costs – DELETED**

States that estimated funding to be expended on legacy costs in FY 2022-23 is \$8.9 million (\$5.4 million on pension related legacy costs and \$3.5 million on health care legacy costs).

### **Sec. 216. FTE Vacancies and Remote Work Reports – REVISED**

Requires DIFS to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2022, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work. Revised to delete all reporting requirements except for quarterly comparison of actual and authorized FTEs.

### **Sec. 217. Work Project Usage – DELETED**

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2022-23.)*

### **Sec. 218. State Administrative Board Transfers – DELETED**

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

### **Sec. 219. Retention of Reports – DELETED**

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

### **Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED**

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year.

### **Sec. 221. Severance Pay Reporting – DELETED**

Requires DIFS to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; maintain an internet site posting any severance pay in excess of 6 weeks of wages; report the total amount of severance pay remitted and the number of DIFS employees receiving severance pay in FY 2021-22.

### **Sec. 222. COVID-19 Vaccine Stipulations – DELETED**

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy.

### **Sec. 223. In-Person Work – DELETED**

Expresses legislative intent that DIFS maximize the efficiency of the state workforce and prioritize in-person work where possible; requires DIFS to post its in-person, remote, or hybrid work policy on its website.

### **Sec. 225. Television and Radio Production Expenditure Report – DELETED**

Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included.

### **Sec. 226. Insurance Bureau Fund Use – DELETED**

Authorizes Insurance Bureau Fund appropriations for use to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with the Insurance Code of 1956.

### **Sec. 301. Health Insurers Rate Filings Report – DELETED**

Requires DIFS to submit a report based on health insurer annual rate filings; delineates information to be included.

**Major Boilerplate Changes from FY 2022-23**

**Sec. 302. Conservatorship and Insurance Liquidation Funds – REVISED**

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and to not lapse to General Fund; limits appropriations to \$400,000. Revised to remove the \$400,000 cap.

**Sec. 303. Fees for Customized Listings – REVISED**

Permits DIFS to provide customized lists of non-confidential information to interested parties and to charge reasonable fees; requires funds to lapse to appropriate restricted fund accounts and limits amount appropriated to \$400,000. Revised to remove the \$400,000 cap.

**Sec. 304. Annual Reports Transmission – DELETED**

Requires DIFS to electronically transmit specific annual reports required under the Insurance Code of 1956 and the Banking Code of 1999.

**Sec. 305. Financial Institutions Marijuana Evaluation Guidance – DELETED**

Requires DIFS to update examination manuals and letters of guidance for institutions providing financial services to businesses involved in the marijuana industry to reflect how those institutions will be evaluated.

**Sec. 306. State or Regional Health Care Claims Database Grant Award Criteria – DELETED**

Requires DIFS to consider not-for-profit and Michigan-based status, prior experience collecting and analyzing relevant information, and prior work experiences when awarding any grant for the creation of a state or regional health care claims database utilizing federal funds.

**Supplemental Recommendations for FY 2022-23 Appropriations**

**FY 2022-23  
Recommendation**

**1. Insulin Prescription Drug Market Study**

Includes \$500,000 GF/GP to conduct a study assessing Michigan's insulin market and opportunities to reduce the cost of insulin for consumers. The study would collect information and data from insurers, pharmacy benefit managers, pharmacies, and other entities involved in the manufacture and distribution of insulin products.

<b>Gross</b>	<b>\$500,000</b>
<b>GF/GP</b>	<b>\$500,000</b>