

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
INSURANCE AND FINANCIAL SERVICES**



Analyst: Paul Holland

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$707,600	\$0	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	0	2,000,000	2,000,000	0	0.0
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	62,427,100	0	62,427,100	62,200,100	(227,000)	(0.4)
GF/GP	55,000	0	55,000	150,000	95,000	172.7
Gross	\$65,189,700	\$0	\$65,189,700	\$65,057,700	(\$132,000)	0.2
FTEs	343.0	0.0	343.0	343.0	0.0	0.0

Notes: (1) FY 2014-15 year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112 (H-1). (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) See Tables X and X for projected FY 2016-17 budget amounts under Executive Recommendation.

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 Adjusted FY 2014-15 Appropriations

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
1. Report on Healthy Michigan Plan Impact on Insurance Rates	Gross	\$55,000	\$95,000
Increases 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, included as ongoing for FY 2015-16, resulting in a recommended total of \$150,000 for the aforementioned evaluation and report.	GF/GP	\$55,000	\$95,000
2. Michigan Business One Stop Charges	Gross	\$78,500	(\$78,500)
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.	Restricted	78,500	(78,500)
3. Technical Adjustments	FTE	42.0	0.0
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.	Gross	\$11,879,300	\$0
	Restricted	11,879,300	0

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>	<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
4. Economic Adjustments	Gross	NA
Reflects net cost adjustments for negotiated salary and wage increases (2.0% of base), insurance rates, actuarially-determined retirement benefit rates, other post-employment benefits prefunding, workers' compensation costs, building occupancy charges, rent, and other incidental adjustments.	Restricted	(\$148,500) (148,500)

Major Boilerplate Changes From FY 2014-15

Sec. 205. Benchmarks for New Programs or Program Expansions – DELETED

Requires DIFS to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget.

Sec. 212. Records Retention – DELETED

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

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 their staff.

Sec. 219. Office Space Utilization Report – DELETED

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

Sec. 232. Television and Radio Productions – DELETED

Prohibits DIFS from developing or producing television or radio productions.

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.

Sec. 245. Healthy Michigan Plan Accounting Structure – DELETED

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 annually provide the Legislature with relevant accounting scripts and reports.

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 and requires DIFS to acquire at least two bids prior to expending the appropriation.

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. 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 the average age of patients for reimbursed claims under the Autism Coverage Reimbursement Program authorized by 2012 PA 101.