

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2016; and to provide for the expenditure of the appropriations.

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the department of

4 insurance and financial services for the fiscal year ending

5 September 30, 2016, from the following funds:

6 **DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

7 APPROPRIATION SUMMARY

8 Full-time equated unclassified positions..... 6.0

9 Full-time equated classified positions..... 337.0

10 GROSS APPROPRIATION..... \$ 64,962,700

1	Total interdepartmental grants and intradepartmental	
2	transfers .....	707,600
3	ADJUSTED GROSS APPROPRIATION.....	\$ 64,255,100
4	Federal revenues:	
5	Total federal revenues.....	2,000,000
6	Total other state restricted revenues.....	62,200,100
7	State general fund/general purpose.....	\$ 55,000
8	State general fund/general purpose schedule:	
9	Ongoing state general fund/general	
10	purpose .....	55,000
11	One-time state general fund/general	
12	purpose .....	0
13	<b>Sec. 102. DEPARTMENT SERVICES</b>	
14	Full-time equated unclassified positions.....	6.0
15	Full-time equated classified positions.....	23.0
16	Department services--19.0 FTE positions.....	\$ 3,802,100
17	Unclassified salaries--6.0 FTE positions.....	728,300
18	Executive director programs--4.0 FTE positions.....	989,300
19	Property management.....	610,500
20	Rent.....	258,800
21	Worker's compensation.....	5,200
22	Administrative hearings.....	<u>182,500</u>
23	GROSS APPROPRIATION.....	\$ 6,576,700
24	Appropriated from:	
25	Special revenue funds:	
26	Bank fees.....	608,400
27	Captive insurance regulatory supervision fund.....	1,800

1	Consumer finance fees.....		306,800
2	Credit union fees.....		787,100
3	Deferred presentment service transaction fees.....		414,700
4	Insurance bureau fund.....		2,732,500
5	Insurance continuing education fees.....		61,300
6	Insurance licensing and regulation fees.....		1,016,200
7	MBLSLA fund.....		592,100
8	Multiple employer welfare arrangement.....		800
9	State general fund/general purpose.....	\$	55,000
10	<b>Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION</b>		
11	Full-time equated classified positions.....	314.0	
12	Insurance evaluation--54.0 FTE positions.....	\$	12,732,300
13	Insurance rates and forms--30.0 FTE positions.....		5,840,400
14	Financial institutions evaluation--132.0 FTE positions		23,810,300
15	Regulatory compliance, market conduct, and		
16	licensing--34.0 FTE positions.....		5,350,300
17	Consumer services and protection--64.0 FTE positions.		<u>8,466,800</u>
18	GROSS APPROPRIATION.....	\$	56,200,100
19	Appropriated from:		
20	Interdepartmental grant revenues:		
21	IDG - LARA, for debt management.....		707,600
22	Federal revenue:		
23	Federal revenues.....		2,000,000
24	Special revenue funds:		
25	Bank fees.....		6,357,700
26	Captive insurance regulatory and supervision fund....		279,000
27	Consumer finance fees.....		4,122,000

1	Credit union fees.....	7,647,300
2	Deferred presentment service transaction fees.....	3,086,200
3	Insurance bureau fund.....	20,148,000
4	Insurance continuing education fees.....	1,060,600
5	Insurance licensing and regulation fees.....	6,354,100
6	MBLSLA fund.....	4,357,000
7	Multiple employer welfare arrangement.....	80,600
8	State general fund/general purpose.....	\$ 0
9	<b>Sec. 104. INFORMATION TECHNOLOGY</b>	
10	Information technology services and projects.....	\$ <u>2,185,900</u>
11	GROSS APPROPRIATION.....	\$ 2,185,900
12	Appropriated from:	
13	Special revenue funds:	
14	Bank fees.....	174,500
15	Consumer finance fees.....	88,400
16	Credit union fees.....	217,600
17	Deferred presentment service transaction fees.....	106,000
18	Insurance bureau fund.....	676,900
19	Insurance continuing education fees.....	20,100
20	Insurance licensing and regulation fees.....	750,200
21	MBLSLA fund.....	152,200
22	State general fund/general purpose.....	\$ 0

23 PART 2

24 PROVISIONS CONCERNING APPROPRIATIONS

25 FOR FISCAL YEAR 2015-2016

1 **GENERAL SECTIONS**

2       Sec. 201. In accordance with the provisions of section 30 of  
3 article IX of the state constitution of 1963, total state spending  
4 from state resources in this appropriation act for the fiscal year  
5 ending September 30, 2016 is \$62,255,100.00 and state  
6 appropriations paid to local units of government are \$0.

7       Sec. 202. The appropriations made and expenditures authorized  
8 under this act and the departments, commissions, boards, offices,  
9 and programs for which appropriations are made under this act are  
10 subject to the management and budget act, 1984 PA 431, MCL 18.1101  
11 to 18.1594.

12       Sec. 203. As used in this part and part 1:

13       (a) "Department" means the department of insurance and  
14 financial services.

15       (b) "Director" means the director of the department.

16       (c) "Fiscal agencies" means Michigan house fiscal agency and  
17 Michigan senate fiscal agency.

18       (d) "FTE" means full-time equated.

19       (e) "IDG" means interdepartmental grant.

20       (f) "LARA" means the department of licensing and regulatory  
21 affairs.

22       (g) "MBLSLA fund" means the restricted account established  
23 under section 8 of the mortgage brokers, lenders, and servicers  
24 licensing act, 1987 PA 173, MCL 445.1658.

25       (h) "Subcommittees" means all members of the subcommittees of  
26 the house and senate appropriations committees with jurisdiction  
27 over the budget for the department.

1       Sec. 205. In addition to the metrics required under section  
2 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for  
3 each new program or program enhancement for which funds in excess  
4 of \$500,000.00 are appropriated in part 1, the department shall  
5 provide not later than November 1, 2015 a list of program-specific  
6 metrics intended to measure its performance based on a return on  
7 taxpayer investment. The department shall deliver the program-  
8 specific metrics to members of the senate and house subcommittees  
9 that have subject matter jurisdiction for this budget, fiscal  
10 agencies, and the state budget director. The department shall  
11 provide an update on its progress in tracking program-specific  
12 metrics and the status of program success at an appropriations  
13 subcommittee meeting called for by the subcommittee chair.

14       Sec. 208. The departments and agencies receiving  
15 appropriations in this part and part 1 shall use the Internet to  
16 fulfill the reporting requirements of this part. This requirement  
17 may include transmission of reports via electronic mail to the  
18 recipients identified for each reporting requirement, or it may  
19 include placement of reports on an Internet or Intranet site.

20       Sec. 209. Funds appropriated in this part and part 1 shall not  
21 be used for the purchase of foreign goods or services, or both, if  
22 competitively priced and of comparable quality American goods or  
23 services, or both, are available. Preference shall be given to  
24 goods or services, or both, manufactured or provided by Michigan  
25 businesses, if they are competitively priced and of comparable  
26 quality. In addition, preference shall be given to goods or  
27 services, or both, that are manufactured or provided by Michigan

1 businesses owned and operated by veterans, if they are  
2 competitively priced and of comparable quality.

3 Sec. 210. The director shall take all reasonable steps to  
4 ensure businesses in deprived and depressed communities compete for  
5 and perform contracts to provide services or supplies, or both. The  
6 director shall strongly encourage firms with which the department  
7 contracts to subcontract with certified businesses in depressed and  
8 deprived communities for services, supplies, or both.

9 Sec. 212. The department and agencies receiving appropriations  
10 in this part and part 1 shall receive and retain copies of all  
11 reports funded from appropriations in this part and part 1. Federal  
12 and state guidelines for short-term and long-term retention of  
13 records shall be followed. The department may electronically retain  
14 copies or reports unless otherwise required by federal and state  
15 guidelines.

16 Sec. 215. The department shall not take disciplinary action  
17 against an employee for communicating with a member of the  
18 legislature or his or her staff.

19 Sec. 216. Not later than November 30, the state budget office  
20 shall prepare and transmit a report that provides for estimates of  
21 the total general fund/general purpose appropriation lapses at the  
22 close of the prior fiscal year. This report must summarize the  
23 projected year-end general fund/general purpose appropriation  
24 lapses by major departmental program or program areas. The report  
25 shall be transmitted to the chairpersons of the senate and house  
26 appropriations committees and the fiscal agencies.

27 Sec. 218. The departments and agencies receiving

1 appropriations in this part and part 1 shall prepare a report on  
2 out-of-state travel expenses not later than January 1 of each year.  
3 The travel report must list all travel by classified and  
4 unclassified employees outside this state in the immediately  
5 preceding fiscal year that was funded in whole or in part with  
6 funds appropriated in the department's budget. The report shall be  
7 submitted to the house and senate appropriations committees, the  
8 fiscal agencies, and the state budget director. The report must  
9 include the following information:

10 (a) The dates of each travel occurrence.

11 (b) The total transportation and related costs of each travel  
12 occurrence, including the proportion funded with state general  
13 fund/general purpose revenues, the proportion funded with state  
14 restricted revenues, the proportion funded with federal revenues,  
15 and the proportion funded with other revenues.

16 Sec. 219. No later than April 1, the department shall submit  
17 to the subcommittees and the fiscal agencies a report pertaining to  
18 the following information:

19 (a) The amount, in square footage, of office space paid for  
20 with the appropriation in this part and part 1 for both state-owned  
21 and leased office space, respectively, during the previous fiscal  
22 year.

23 (b) The amount, in square footage, of office space actually  
24 utilized by the department for both state-owned and leased office  
25 space, respectively, during the previous fiscal year.

26 (c) The amount of office space the department estimates will  
27 be utilized during the current and subsequent fiscal years.



1       Sec. 221. Funds appropriated in this part and part 1 shall not  
2 be used by a principal executive department, state agency, or  
3 authority to hire a person to provide legal services that are the  
4 responsibility of the attorney general. This prohibition does not  
5 apply to legal services for bonding activities and for those  
6 outside services that the attorney general authorizes.

7       Sec. 223. (1) In addition to the funds appropriated in part 1,  
8 there is appropriated an amount not to exceed \$1,000,000.00 for  
9 federal contingency funds. These funds are not available for  
10 expenditure until they have been transferred to another line item  
11 in part 1 under section 393(2) of the management and budget act,  
12 1984 PA 431, MCL 18.1393.

13       (2) In addition to the funds appropriated in part 1, there is  
14 appropriated an amount not to exceed \$5,000,000.00 for state  
15 restricted contingency funds. These funds are not available for  
16 expenditure until they have been transferred to another line item  
17 in part 1 under section 393(2) of the management and budget act,  
18 1984 PA 431, MCL 18.1393.

19       (3) In addition to the funds appropriated in part 1, there is  
20 appropriated an amount not to exceed \$200,000.00 for local  
21 contingency funds. These funds are not available for expenditure  
22 until they have been transferred to another line item in part 1  
23 under section 393(2) of the management and budget act, 1984 PA 431,  
24 MCL 18.1393.

25       (4) In addition to the funds appropriated in part 1, there is  
26 appropriated an amount not to exceed \$200,000.00 for private  
27 contingency funds. These funds are not available for expenditure

1 until they have been transferred to another line item in part 1  
2 under section 393(2) of the management and budget act, 1984 PA 431,  
3 MCL 18.1393.

4 Sec. 228. Unless prohibited by law, the department may accept  
5 credit card or other electronic means of payment for licenses,  
6 fees, or permits.

7 Sec. 229. (1) The department shall maintain, on a publicly  
8 accessible website, a department scorecard that identifies, tracks,  
9 and regularly updates key metrics that are used to monitor and  
10 improve the department's performance.

11 (2) The scorecard maintained by the department must include,  
12 but is not limited to, metrics on annual rate filings from health  
13 insurance issuers that meet any of the following:

14 (a) The number that are approved by the department.

15 (b) The number that are denied by the department.

16 (c) The percentage of rate filings processed within the  
17 applicable statutory time frames.

18 (d) The average number of calendar days to process rate  
19 filings.

20 (e) An estimated percentage of this state's population that is  
21 without any form of health insurance coverage for more than 6  
22 months in any given calendar year.

23 Sec. 231. The department shall cooperate with the department  
24 of technology, management, and budget to maintain a searchable  
25 website accessible by the public at no cost that includes, but is  
26 not limited to, all of the following for each department or agency:

27 (a) Fiscal year-to-date expenditures, revenue sources, and

1 balances by category.

2 (b) Fiscal year-to-date expenditures, revenue sources, and  
3 balances by appropriation unit.

4 (c) Fiscal year-to-date payments to a selected vendor,  
5 including the vendor name, payment date, payment amount, and  
6 payment description.

7 (d) The number of active department employees by job  
8 classification.

9 (e) Job specifications and wage rates.

10 Sec. 232. The department shall not develop or produce any  
11 television or radio productions.

12 Sec. 234. Within 14 days after the release of the executive  
13 budget recommendation, the department shall cooperate with the  
14 state budget office to provide the senate and house appropriations  
15 chairs, the subcommittees chairs, and the fiscal agencies with an  
16 annual report on estimated state restricted fund balances, state  
17 restricted fund projected revenues, and state restricted fund  
18 expenditures for the fiscal years ending September 30, 2015 and  
19 September 30, 2016.

20 Sec. 235. Total authorized appropriations from all sources  
21 under this part and part 1 for legacy costs for the fiscal year  
22 ending September 30, 2016 is \$9,998,900.00. From this amount, total  
23 agency appropriations for pension-related legacy costs are  
24 estimated at \$5,675,400.00. Total agency appropriations for retiree  
25 health care legacy costs are estimated at \$4,323,500.00.

26 Sec. 240. (1) It is the intent of the legislature that  
27 departments and agencies receiving appropriations in this part and

1 part 1 properly account for their spending and do not use full-time  
2 equated positions as placeholders for spending in other parts of  
3 their budgets.

4 (2) No later than February 1, the department shall provide a  
5 report to the legislature specifying the number of filled, full-  
6 time equated positions in pay status within each agency receiving  
7 appropriations in this part and part 1 during the immediately  
8 preceding fiscal year. When reporting on the number of filled,  
9 full-time equated positions in pay status, the department shall  
10 provide the maximum number of filled, full-time equated positions  
11 in pay status by appropriation line item in the last pay period of  
12 each quarter of the immediately preceding fiscal year. The report  
13 must also include a list of all funded, full-time equated positions  
14 by position title. The report must indicate which full-time equated  
15 positions are allocated to economic development and economic  
16 development planning.

17 Sec. 245. The department, in conjunction with the department  
18 of community health, shall maintain an accounting structure within  
19 the Michigan administrative information network that will allow  
20 expenditures associated with the administration of the Healthy  
21 Michigan plan to be identified. By October 1, 2015, the department  
22 shall provide the state budget office and the fiscal agencies with  
23 the relevant accounting structure and associated business objects  
24 script and report that groups administrative costs.

25 Sec. 246. The amount appropriated from the general fund in  
26 part 1 for executive director program may only be expended to  
27 comply with reporting requirements regarding the Healthy Michigan

1 plan under section 105d(9) of the social welfare act, 1939 PA 280,  
2 MCL 400.105d.

3 **INSURANCE AND FINANCIAL SERVICES REGULATION**

4 Sec. 310. (1) No later than February 1, the department shall  
5 submit a report to the subcommittees and the fiscal agencies  
6 providing the following information:

7 (a) The amounts expended, by fund source, by the department to  
8 support the economic development of the insurance or financial  
9 industries during the preceding fiscal year.

10 (b) The number of full-time equated positions utilized by the  
11 department to support the economic development of the insurance or  
12 financial industries during the preceding fiscal year.

13 (c) A detailed, 2-year plan for departmental activities to  
14 support the economic development of the insurance or financial  
15 industries.

16 (2) For purposes of subsection (1), "economic development"  
17 includes any activities to encourage, promote, or advocate for the  
18 expansion, retention, or attraction of business or nonprofit  
19 entities engaged in or involved with the insurance or financial  
20 industries.

21 Sec. 391. In addition to the funds appropriated in part 1, the  
22 funds collected by the department in connection with a  
23 conservatorship under section 32 of the mortgage brokers, lenders,  
24 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds  
25 collected by the department from corporations being liquidated  
26 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to

1 500.8302, shall be appropriated for all expenses necessary to  
2 provide for the required services. Funds are available for  
3 expenditure when they are received by the department of treasury  
4 and shall not lapse to the general fund at the end of the fiscal  
5 year.

6 **AUTISM COVERAGE**

7 Sec. 802. (1) Each fiscal year, if expenditures are made from  
8 the autism coverage fund, created by section 7 of the autism  
9 coverage reimbursement act, 2012 PA 101, MCL 550.1837, the  
10 department shall produce a report that contains all of the  
11 following information on the autism coverage reimbursement program,  
12 established by section 5 of the autism coverage reimbursement act,  
13 2012 PA 101, MCL 550.1835, for the fiscal year:

14 (a) The total number of claims for reimbursement approved and  
15 the number approved within each county, based on the provider's  
16 location.

17 (b) The total amount expended from the autism coverage fund  
18 for reimbursements and the amount for each carrier receiving  
19 reimbursement.

20 (c) Regarding claims submitted to the department, all of the  
21 following information:

22 (i) The date of submission for each claim.

23 (ii) The dollar amount of each submitted claim.

24 (iii) The age of the patient or patients receiving diagnosis  
25 or treatment under each claim for reimbursement.

26 (iv) Whether the department approved the claim.

1           (v) Whether the department has processed and paid the claim.

2           (vi) The identity of the party that submitted each claim.

3           (2) By October 31 following the end of the fiscal year, the  
4 department shall provide the report required under subsection (1)  
5 to the subcommittees, the fiscal agencies, and the state budget  
6 director.