

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 125, entitled

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.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

(attached)

Third: That the Senate and House agree to the title of the bill to read as follows:

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.

Marty Knollenberg

Chris Afendoulis

Jim Marleau

Michael D. McCready

Coleman Young II

Harvey Santana

Conferees for the Senate

Conferees for the House

**SUBSTITUTE FOR
SENATE BILL NO. 125**

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.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2016, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

APPROPRIATION SUMMARY

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	337.0

1	GROSS APPROPRIATION.....	\$	65,057,700
2	Interdepartmental grant revenues:		
3	Total interdepartmental grants and intradepartmental		
4	transfers		707,600
5	ADJUSTED GROSS APPROPRIATION.....	\$	64,350,100
6	Federal revenues:		
7	Total federal revenues.....		2,000,000
8	Special revenue funds:		
9	Total other state restricted revenues.....		62,200,100
10	State general fund/general purpose.....	\$	150,000
11	State general fund/general purpose schedule:		
12	Ongoing state general fund/general		
13	purpose		150,000
14	One-time state general fund/general		
15	purpose		0
16	Sec. 102. DEPARTMENT SERVICES		
17	Full-time equated unclassified positions.....		6.0
18	Full-time equated classified positions.....		23.0
19	Department services--19.0 FTE positions.....	\$	3,802,100
20	Unclassified Salaries--6.0 FTE positions.....		728,300
21	Executive director programs--4.0 FTE positions.....		1,084,300
22	Property management.....		869,300
23	Worker's compensation.....		5,200
24	Administrative hearings.....		182,500
25	Information technology services and projects.....		<u>2,185,900</u>
26	GROSS APPROPRIATION.....	\$	8,857,600
27	Appropriated from:		

1	Special revenue funds:		
2	Bank fees.....		782,900
3	Captive insurance regulatory and supervision fund....		1,800
4	Consumer finance fees.....		395,200
5	Credit union fees.....		1,004,700
6	Deferred presentment service transaction fees.....		520,700
7	Insurance bureau fund.....		3,409,400
8	Insurance continuing education fees.....		81,400
9	Insurance licensing and regulation fees.....		1,766,400
10	MBLSLA fund.....		744,300
11	Multiple employer welfare arrangement.....		800
12	State general fund/general purpose.....	\$	150,000
13	Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION		
14	Full-time equated classified positions.....	314.0	
15	Insurance evaluation--54.0 FTE positions.....	\$	12,732,300
16	Insurance rates and forms--30.0 FTE positions.....		5,840,400
17	Financial institutions evaluation--132.0 FTE positions		23,810,300
18	Regulatory compliance, market conduct and		
19	licensing--34.0 FTE positions.....		5,350,300
20	Consumer services and protection--64.0 FTE positions.		<u>8,466,800</u>
21	GROSS APPROPRIATION.....	\$	56,200,100
22	Appropriated from:		
23	Interdepartmental grant revenues:		
24	IDG - LARA, for debt management.....		707,600
25	Federal revenue:		
26	Federal revenues.....		2,000,000
27	Special revenue funds:		

1	Bank fees.....	6,357,700
2	Captive insurance regulatory and supervision fund....	279,000
3	Consumer finance fees.....	4,122,000
4	Credit union fees.....	7,647,300
5	Deferred presentment service transaction fees.....	3,086,200
6	Insurance bureau fund.....	20,148,000
7	Insurance continuing education fees.....	1,060,600
8	Insurance licensing and regulation fees.....	6,354,100
9	MBLSLA fund.....	4,357,000
10	Multiple employer welfare arrangement.....	80,600
11	State general fund/general purpose..... \$	0

12 PART 2

13 PROVISIONS CONCERNING APPROPRIATIONS

14 FOR FISCAL YEAR 2015-2016

15 **GENERAL SECTIONS**

16 Sec. 201. In accordance with the provisions of section 30 of
 17 article IX of the state constitution of 1963, total state spending
 18 from state resources in this appropriation act for the fiscal year
 19 ending September 30, 2016 is \$62,350,100.00 and state
 20 appropriations paid to local units of government are \$0.

21 Sec. 202. The appropriations made and expenditures authorized
 22 under this part and part 1 and the departments, commissions,
 23 boards, offices, and programs for which appropriations are made
 24 under this part are subject to the management and budget act, 1984
 25 PA 431, MCL 18.1101 to 18.1594.

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

2 (a) "Department" means the department of insurance and
3 financial services.

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

5 (c) "Fiscal agencies" means Michigan house fiscal agency and
6 Michigan senate fiscal agency.

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

8 (e) "IDG" means interdepartmental grant.

9 (f) "LARA" means the department of licensing and regulatory
10 affairs.

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

14 (h) "Subcommittees" means all members of the subcommittees of
15 the house and senate appropriations committees with jurisdiction
16 over the budget for the department.

17 Sec. 205. In addition to the metrics required under section
18 447 of the management and budget act, 1984 PA 431, MCL 18.1447, for
19 each new program or program enhancement for which funds in excess
20 of \$500,000.00 are appropriated in part 1, the department shall
21 provide not later than November 1 a list of program-specific
22 metrics intended to measure its performance based on a return on
23 taxpayer investment. The department shall deliver the program-
24 specific metrics to members of the senate and house subcommittees
25 that have subject matter jurisdiction for this budget, fiscal
26 agencies, and the state budget director. The department shall
27 provide an update on its progress in tracking program-specific

1 metrics and the status of program success at an appropriations
2 subcommittee meeting called for by the subcommittee chair.

3 Sec. 208. The departments and agencies receiving
4 appropriations in this part and part 1 shall use the Internet to
5 fulfill the reporting requirements of this part. This requirement
6 may include transmission of reports via electronic mail to the
7 recipients identified for each reporting requirement, or it may
8 include placement of reports on an Internet or intranet site.

9 Sec. 209. Funds appropriated in this part and part 1 shall not
10 be used for the purchase of foreign goods or services, or both, if
11 competitively priced and of comparable quality American goods or
12 services, or both, are available. Preference shall be given to
13 goods or services, or both, manufactured or provided by Michigan
14 businesses, if they are competitively priced and of comparable
15 quality. In addition, preference shall be given to goods or
16 services, or both, that are manufactured or provided by Michigan
17 businesses owned and operated by veterans, if they are
18 competitively priced and of comparable quality.

19 Sec. 210. The director shall take all reasonable steps to
20 ensure businesses in deprived and depressed communities compete for
21 and perform contracts to provide services or supplies, or both. The
22 director shall strongly encourage firms with which the department
23 contracts to subcontract with certified businesses in depressed and
24 deprived communities for services, supplies, or both.

25 Sec. 212. The department and agencies receiving appropriations
26 in this part and part 1 shall receive and retain copies of all
27 reports funded from appropriations in this part and part 1. Federal

1 and state guidelines for short-term and long-term retention of
2 records shall be followed. The department may electronically retain
3 copies or reports unless otherwise required by federal and state
4 guidelines.

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

8 Sec. 216. Not later than November 30, the state budget office
9 shall prepare and transmit a report that provides for estimates of
10 the total general fund/general purpose appropriation lapses at the
11 close of the prior fiscal year. This report must summarize the
12 projected year-end general fund/general purpose appropriation
13 lapses by major departmental program or program areas. The report
14 shall be transmitted to the chairpersons of the senate and house
15 appropriations committees and the fiscal agencies.

16 Sec. 218. The departments and agencies receiving
17 appropriations in this part and part 1 shall prepare a report on
18 out-of-state travel expenses not later than January 1 of each year.
19 The travel report must list all travel by classified and
20 unclassified employees outside this state in the immediately
21 preceding fiscal year that was funded in whole or in part with
22 funds appropriated in the department's budget. The report shall be
23 submitted to the house and senate appropriations committees, the
24 fiscal agencies, and the state budget director. The report must
25 include the following information:

26 (a) The dates of each travel occurrence.

27 (b) The total transportation and related costs of each travel

1 occurrence, including the proportion funded with state general
2 fund/general purpose revenues, the proportion funded with state
3 restricted revenues, the proportion funded with federal revenues,
4 and the proportion funded with other revenues.

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

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

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

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

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

23 Sec. 223. (1) In addition to the funds appropriated in part 1,
24 there is appropriated an amount not to exceed \$1,000,000.00 for
25 federal contingency funds.

26 (2) In addition to the funds appropriated in part 1, there is
27 appropriated an amount not to exceed \$5,000,000.00 for state

1 restricted contingency funds.

2 (3) Funds appropriated pursuant to this section are not
3 available for expenditure until they have been transferred to
4 another line item in part 1 under section 393(2) of the management
5 and budget act, 1984 PA 431, MCL 18.1393.

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

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

13 (2) The department shall provide a report to the legislature
14 based on the annual rate filings from health insurance issuers that
15 includes all of the following:

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

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

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

20 (d) The average number of calendar days to process rate
21 filings.

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

25 Sec. 231. The department shall cooperate with the department
26 of technology, management, and budget to maintain a searchable
27 website accessible by the public at no cost that includes, but is

1 not limited to, all of the following for each department or agency:

2 (a) Fiscal-year-to-date expenditures by category.

3 (b) Fiscal-year-to-date expenditures 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 immediately preceding and current fiscal
19 years.

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. 245. The department, in conjunction with the department
27 of health and human services, shall maintain an accounting

1 structure within the Michigan administrative information network
2 that will allow expenditures associated with the administration of
3 the Healthy Michigan plan to be identified. By October 1, the
4 department shall provide the state budget office and the fiscal
5 agencies with the relevant accounting structure and associated
6 business objects script and report that groups administrative
7 costs.

8 Sec. 246. The amount appropriated from the general fund in
9 part 1 for executive director program may only be expended to
10 comply with reporting requirements regarding the Healthy Michigan
11 plan under section 105d(9) of the social welfare act, 1939 PA 280,
12 MCL 400.105d.

13 **INSURANCE AND FINANCIAL SERVICES REGULATION**

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

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

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

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

26 (2) For purposes of subsection (1), "economic development"

1 includes any activities to encourage, promote, or advocate for the
2 expansion, retention, or attraction of business or nonprofit
3 entities engaged in or involved with the insurance or financial
4 industries.

5 Sec. 391. In addition to the funds appropriated in part 1, the
6 funds collected by the department in connection with a
7 conservatorship under section 32 of the mortgage brokers, lenders,
8 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
9 collected by the department from corporations being liquidated
10 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
11 500.8302, shall be appropriated for all expenses necessary to
12 provide for the required services. Funds are available for
13 expenditure when they are received by the department of treasury
14 and shall not lapse to the general fund at the end of the fiscal
15 year.

16 **AUTISM COVERAGE**

17 Sec. 802. (1) Each fiscal year, if expenditures are made from
18 the autism coverage fund, created by section 7 of the autism
19 coverage reimbursement act, 2012 PA 101, MCL 550.1837, the
20 department shall produce a report that contains all of the
21 following information on the autism coverage reimbursement program,
22 established by section 5 of the autism coverage reimbursement act,
23 2012 PA 101, MCL 550.1835, for the fiscal year:

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

1 (b) The total amount expended from the autism coverage fund
2 for reimbursements and the amount for each carrier receiving
3 reimbursement.

4 (c) For each claim included within a claim submission received
5 by the department, all of the following information:

6 (i) The date the department received the claim.

7 (ii) The dollar amount of the claim.

8 (iii) The date of birth of the patient receiving diagnosis or
9 treatment under the claim.

10 (iv) Whether the claim was under a self-insured plan.

11 (v) The date of the service that was the basis for the claim.

12 (vi) The identity of the carrier that submitted the claim.

13 (2) By October 31 following the end of the fiscal year, the
14 department shall provide the report required under subsection (1)
15 to the subcommittees, the fiscal agencies, and the state budget
16 director.

17 PART 2A

18 PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS

19 FOR FISCAL YEAR 2016-2017

20 **GENERAL SECTIONS**

21 Sec. 1201. It is the intent of the legislature to provide
22 appropriations for the fiscal year ending on September 30, 2017 for
23 the line items listed in part 1. The fiscal year 2016-2017
24 appropriations are anticipated to be the same as those for fiscal
25 year 2015-2016, except that the line items will be adjusted for

1 changes in caseload and related costs, federal fund match rates,
2 economic factors, and available revenue. These adjustments will be
3 determined after the January 2016 consensus revenue estimating
4 conference.

5 Sec. 1202. It is the intent of the legislature that the
6 department identify the amounts for normal retirement costs and
7 legacy retirement costs for the fiscal year ending on September 30,
8 2017 for the line items listed in part 1.