

SUBSTITUTE FOR
SENATE BILL NO. 858

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2019; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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, 2019, from the following funds:

6 DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

7 APPROPRIATION SUMMARY

8	Full-time equated unclassified positions.....	6.0
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9	Full-time equated classified positions.....	336.5
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10	GROSS APPROPRIATION.....	\$	67,971,900
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1	Interdepartmental grant revenues:	
2	IDG-LARA, for debt management	713,800
3	Total interdepartmental grants and intradepartmental	
4	transfers	713,800
5	ADJUSTED GROSS APPROPRIATION	\$ 67,258,100
6	Federal revenues:	
7	Total federal revenues	2,017,300
8	Special revenue funds:	
9	Bank fees	6,474,900
10	Captive insurance regulatory and supervision fund	292,100
11	Consumer finance fees	3,291,300
12	Credit union fees	9,372,400
13	Deferred presentment service transaction fees	3,700,700
14	Insurance bureau fund	24,699,300
15	Insurance continuing education fees	1,044,000
16	Insurance licensing and regulation fees	9,064,300
17	MBLSLA fund	6,867,000
18	Multiple employer welfare arrangement	284,800
19	Total other state restricted revenues	65,090,800
20	State general fund/general purpose	\$ 150,000
21	Sec. 102. DEPARTMENT SERVICES	
22	Full-time equated unclassified positions	6.0
23	Full-time equated classified positions	22.5
24	Unclassified salaries--6.0 FTE positions	\$ 784,500
25	Administrative hearings	182,500
26	Department services--19.0 FTE positions	3,801,200
27	Executive director programs--3.5 FTE positions	1,075,900

1	Property management.....	1,245,400
2	Worker's compensation.....	<u>4,200</u>
3	GROSS APPROPRIATION.....	\$ 7,093,700
4	Appropriated from:	
5	Special revenue funds:	
6	Bank fees.....	512,300
7	Captive insurance regulatory and supervision fund....	2,900
8	Consumer finance fees.....	201,100
9	Credit union fees.....	862,200
10	Deferred presentment service transaction fees.....	272,000
11	Insurance bureau fund.....	2,451,800
12	Insurance continuing education fees.....	64,200
13	Insurance licensing and regulation fees.....	1,915,600
14	MBLSLA fund.....	660,300
15	Multiple employer welfare arrangement.....	1,300
16	State general fund/general purpose.....	\$ 150,000
17	Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION	
18	Full-time equated classified positions.....	314.0
19	Insurance evaluation--118.0 FTE positions.....	\$ 24,789,600
20	Financial institutions evaluation--132.0 FTE positions	24,633,100
21	Consumer services and protection--64.0 FTE positions .	<u>8,803,600</u>
22	GROSS APPROPRIATION.....	\$ 58,226,300
23	Appropriated from:	
24	Interdepartmental grant revenues:	
25	IDG-LARA, for debt management.....	713,800
26	Federal revenue:	
27	Federal revenues.....	2,017,300

1	Special revenue funds:	
2	Bank fees.....	5,737,100
3	Captive insurance regulatory and supervision fund....	289,200
4	Consumer finance fees.....	2,997,200
5	Credit union fees.....	8,141,100
6	Deferred presentment service transaction fees.....	3,315,400
7	Insurance bureau fund.....	21,406,800
8	Insurance continuing education fees.....	957,000
9	Insurance licensing and regulation fees.....	6,421,100
10	MBLSLA fund.....	5,946,800
11	Multiple employer welfare arrangement.....	283,500
12	State general fund/general purpose.....	\$ 0
13	Sec. 104. INFORMATION TECHNOLOGY	
14	Information technology services and projects.....	\$ <u>2,251,900</u>
15	GROSS APPROPRIATION.....	\$ 2,251,900
16	Appropriated from:	
17	Special revenue funds:	
18	Bank fees.....	225,500
19	Consumer finance fees.....	93,000
20	Credit union fees.....	369,100
21	Deferred presentment service transaction fees.....	113,300
22	Insurance bureau fund.....	440,700
23	Insurance continuing education fees.....	22,800
24	Insurance licensing and regulation fees.....	727,600
25	MBLSLA fund.....	259,900
26	State general fund/general purpose.....	\$ 0
27	Sec. 105. ONE-TIME APPROPRIATIONS	

1	Insurance evaluation enhancement	\$	<u>400,000</u>
2	GROSS APPROPRIATION	\$	400,000
3	Appropriated from:		
4	Special revenue funds:		
5	Insurance bureau fund		400,000
6	State general fund/general purpose	\$	0

7 PART 2

8 PROVISIONS CONCERNING APPROPRIATIONS

9 FOR FISCAL YEAR 2018-2019

10 GENERAL SECTIONS

11 Sec. 201. Pursuant to section 30 of article IX of the state
 12 constitution of 1963, total state spending from state resources
 13 under part 1 for fiscal year 2018-2019 is \$65,240,800.00 and state
 14 spending from state resources to be paid to local units of
 15 government for fiscal year 2018-2019 is \$0.

16 Sec. 202. The appropriations authorized under this part and
 17 part 1 are subject to the management and budget act, 1984 PA 431,
 18 MCL 18.1101 to 18.1594.

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

20 (a) "Department" means the department of insurance and
 21 financial services.

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

23 (c) "FTE" means full-time equated.

24 (d) "IDG" means interdepartmental grant.

25 (e) "LARA" means the department of licensing and regulatory

1 affairs.

2 (f) "MBLSLA fund" means the restricted account established
3 under section 8 of the mortgage brokers, lenders, and servicers
4 licensing act, 1987 PA 173, MCL 445.1658.

5 (g) "Subcommittees" means the subcommittees of the house of
6 representatives and senate appropriations committees with
7 jurisdiction over the budget for the department.

8 Sec. 204. The departments and agencies receiving
9 appropriations in part 1 shall use the internet to fulfill the
10 reporting requirements of this part. This requirement may include
11 transmission of reports via electronic mail to the recipients
12 identified for each reporting requirement, or it may include
13 placement of reports on an internet or intranet site.

14 Sec. 205. Funds appropriated in part 1 must not be used for
15 the purchase of foreign goods or services, or both, if
16 competitively priced and of comparable quality American goods or
17 services, or both, are available. Preference must be given to goods
18 or services, or both, manufactured or provided by Michigan
19 businesses, if they are competitively priced and of comparable
20 quality. In addition, preference must be given to goods or
21 services, or both, that are manufactured or provided by Michigan
22 businesses owned and operated by veterans, if they are
23 competitively priced and of comparable quality.

24 Sec. 206. The director shall take all reasonable steps to
25 ensure businesses in deprived and depressed communities compete for
26 and perform contracts to provide services or supplies, or both. The
27 director shall strongly encourage firms with which the department

1 contracts to subcontract with certified businesses in depressed and
2 deprived communities for services, supplies, or both.

3 Sec. 207. (1) Out-of-state travel shall be limited to
4 situations where the travel is approved by a departmental
5 employee's immediate supervisor and in which 1 or more of the
6 following conditions apply:

7 (a) The travel is required by legal mandate or court order or
8 for law enforcement purposes.

9 (b) The travel is necessary to protect the health or safety of
10 Michigan citizens or visitors or to assist other states in similar
11 circumstances.

12 (c) The travel is necessary to produce budgetary savings or to
13 increase state revenues, including protecting existing federal
14 funds or securing additional federal funds.

15 (d) The travel is necessary to comply with federal
16 requirements.

17 (e) The travel is necessary to secure specialized training for
18 staff that is not available within this state.

19 (f) The travel is financed entirely by federal or nonstate
20 funds.

21 (2) The department shall not approve the travel of more than 1
22 departmental employee to a specific professional development
23 conference or training seminar that is located outside of this
24 state unless a professional development conference or training
25 seminar is funded by a federal or private funding source and
26 requires more than 1 individual from a department to attend, or the
27 conference or training seminar includes multiple issues in which 1

1 employee from the department does not have expertise.

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

10 (a) The name of each person receiving reimbursement for travel
11 outside this state or whose travel costs were paid by this state.

12 (b) The destination of each travel occurrence.

13 (c) The dates of each travel occurrence.

14 (d) A brief statement of the reason for each travel
15 occurrence.

16 (e) The transportation and related costs of each travel
17 occurrence, including the proportion funded with state general
18 fund/general purpose revenues, the proportion funded with state
19 restricted revenues, the proportion funded with federal revenues,
20 and the proportion funded with other revenues.

21 (f) A total of all out-of-state travel funded for the
22 immediately preceding fiscal year.

23 Sec. 208. Funds appropriated in part 1 must not be used by a
24 principal executive department, state agency, or authority to hire
25 a person to provide legal services that are the responsibility of
26 the attorney general. This prohibition does not apply to legal
27 services for bonding activities and for those outside services that

1 the attorney general authorizes.

2 Sec. 209. Not later than November 30, the state budget office
3 shall prepare and transmit a report that provides for estimates of
4 the total general fund/general purpose appropriation lapses at the
5 close of the prior fiscal year. This report must summarize the
6 projected year-end general fund/general purpose appropriation
7 lapses by major departmental program or program areas. The state
8 budget office shall transmit the report to the chairpersons of the
9 senate and house of representatives appropriations committees and
10 the senate and house fiscal agencies.

11 Sec. 210. (1) In addition to the funds appropriated in part 1,
12 there is appropriated an amount not to exceed \$1,000,000.00 for
13 federal contingency funds. These funds are not available for
14 expenditure until they have been transferred to another line item
15 in part 1 under section 393(2) of the management and budget act,
16 1984 PA 431, MCL 18.1393.

17 (2) In addition to the funds appropriated in part 1, there is
18 appropriated an amount not to exceed \$5,000,000.00 for state
19 restricted contingency funds. These funds are not available for
20 expenditure until they have been transferred to another line item
21 in part 1 under section 393(2) of the management and budget act,
22 1984 PA 431, MCL 18.1393.

23 Sec. 211. 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 by category.

1 (b) Fiscal-year-to-date expenditures by appropriation unit.

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

5 (d) The number of active department employees by job
6 classification.

7 (e) Job specifications and wage rates.

8 Sec. 212. Within 14 days after the release of the executive
9 budget recommendation, the department shall cooperate with the
10 state budget office to provide the senate and house of
11 representatives appropriations committee chairs, the senate and
12 house appropriations subcommittees chairs, and the senate and house
13 fiscal agencies with an annual report on estimated state restricted
14 fund balances, state restricted fund projected revenues, and state
15 restricted fund expenditures for the fiscal years ending September
16 30, 2018 and September 30, 2019.

17 Sec. 213. The department shall maintain, on a publicly
18 accessible website, a department scorecard that identifies, tracks,
19 and regularly updates key metrics that are used to monitor and
20 improve the department's performance.

21 Sec. 214. Total authorized appropriations from all sources in
22 part 1 for legacy costs for the fiscal year ending September 30,
23 2019 are \$9,513,100.00. From this amount, total agency
24 appropriations for pension-related legacy costs are estimated at
25 \$4,385,700.00. Total agency appropriations for retiree health care
26 legacy costs are estimated at \$5,127,400.00.

27 Sec. 215. Unless prohibited by law, the department may accept

1 credit card or other electronic means of payment for licenses,
2 fees, or permits.

3 Sec. 218. The department shall not take disciplinary action
4 against an employee for communicating with a member of the
5 legislature or his or her staff.

6 Sec. 219. The department shall not develop or produce any
7 television or radio productions.

8 Sec. 220. The department, in conjunction with the department
9 of health and human services, shall maintain an accounting
10 structure within this state's accounting system that will allow
11 expenditures associated with the administration of the Healthy
12 Michigan plan to be identified.

13 Sec. 221. The amount appropriated from the general fund in
14 part 1 for executive director programs may only be expended to
15 comply with reporting requirements regarding the Healthy Michigan
16 plan under section 105d(9) of the social welfare act, 1939 PA 280,
17 MCL 400.105d.

18 **INSURANCE AND FINANCIAL SERVICES REGULATION**

19 Sec. 301. The department shall provide a report to the
20 subcommittees, the senate and house fiscal agencies, and the state
21 budget director by September 30 based on the annual rate filings
22 from health insurance issuers that includes all of the following:

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

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

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

1 (d) The average number of calendar days to process rate
2 filings.

3 Sec. 302. In addition to the funds appropriated in part 1, the
4 funds collected by the department in connection with a
5 conservatorship under section 32 of the mortgage brokers, lenders,
6 and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds
7 collected by the department from corporations being liquidated
8 under the insurance code of 1956, 1956 PA 218, MCL 500.100 to
9 500.8302, must be appropriated for all expenses necessary to
10 provide for the required services. Funds are available for
11 expenditure when they are received by the department of treasury
12 and must not lapse to the general fund at the end of the fiscal
13 year.

14 Sec. 303. The department may make available to interested
15 entities customized listings of nonconfidential information in its
16 possession. The department may establish and collect a reasonable
17 charge to provide this service. The revenue from this service is
18 appropriated when received and must be used to offset expenses to
19 provide the service. Any balance of this revenue collected and
20 unexpended at the end of the fiscal year must lapse to the
21 appropriate restricted fund.

22 **ONE-TIME APPROPRIATIONS**

23 Sec. 401. (1) From the funds appropriated in part 1 for
24 insurance evaluation enhancement, by January 31, 2019, the
25 department must complete a study led by an actuarial firm capable
26 of supporting this state's pursuit of a state innovation waiver

1 under section 1332 of the patient protection and affordable care
2 act. The study must meet all criteria for a section 1332 state
3 innovation waiver found at 45 CFR Part 155. The study must include
4 analyses, actuarial certifications data, assumptions, targets, and
5 other information sufficient to provide the secretary of the United
6 States Department of Health and Human Services and the secretary of
7 the United States Department of Treasury with the necessary data to
8 determine whether this state's proposed waiver would do all of the
9 following:

10 (a) Provide coverage that is at least as comprehensive as the
11 coverage defined in section 1203(b) of the patient protection and
12 affordable care act.

13 (b) Provide coverage and cost sharing protections against
14 excessive out-of-pocket spending that are at least as affordable as
15 the provisions of title I of the patient protection and affordable
16 care act.

17 (c) Provide coverage to a comparable number of its residents
18 as the provisions of title I of the patient protection and
19 affordable care act would provide.

20 (d) Not increase the federal deficit.

21 (2) The study under subsection (1) must create any actuarial
22 analyses and certifications necessary to determine whether the
23 estimates will comply with the above requirements. The study must
24 produce an economic analysis to provide a detailed 10 year budget
25 plan that is deficit neutral to the federal government and detailed
26 analyses regarding the estimated impact of the waiver on health
27 insurance coverage in this state.