

SUBSTITUTE FOR
SENATE BILL NO. 835

A bill to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2023; 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, 2023, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

APPROPRIATION SUMMARY

Full-time equated unclassified positions	2.0
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Full-time equated classified positions	327.0
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1	GROSS APPROPRIATION		\$ 74,335,700
2	Total interdepartmental grants and		
3	intradepartmental transfers		736,500
4	ADJUSTED GROSS APPROPRIATION	\$	73,599,200
5	Federal revenues:		
6	Total federal revenues		1,017,100
7	Special revenue funds:		
8	Total local revenues		0
9	Total private revenues		0
10	Total other state restricted revenues		72,582,100
11	State general fund/general purpose	\$	0
12	Sec. 102. DEPARTMENTAL ADMINISTRATION AND		
13	SUPPORT		
14	Full-time equated unclassified positions	2.0	
15	Full-time equated classified positions	20.0	
16	Unclassified salaries--FTEs	2.0	\$ 1,740,300
17	Administrative hearings		183,700
18	Department services--FTEs	17.0	6,846,400
19	Executive director programs--FTEs	3.0	1,914,200
20	Property management		2,589,700
21	Worker's compensation		1,300
22	GROSS APPROPRIATION	\$	13,275,600
23	Appropriated from:		
24	IDG from MDLARA, for debt management		71,600
25	Special revenue funds:		
26	Bank fees		1,226,100
27	Captive insurance regulatory and supervision		
28	fund		67,900

1	Consumer finance fees		556,400
2	Credit union fees		2,058,300
3	Deferred presentment service transaction fees		520,000
4	Insurance bureau fund		3,675,500
5	Insurance continuing education fees		112,300
6	Insurance licensing and regulation fees		3,355,800
7	MBLSLA fund		1,630,300
8	Multiple employer welfare arrangement		1,400
9	State general fund/general purpose	\$	0
10	Sec. 103. INSURANCE AND FINANCIAL SERVICES		
11	REGULATION		
12	Full-time equated classified positions	307.0	
13	Consumer services and protection--FTEs	83.0	\$ 27,449,200
14	Financial institutions evaluation--FTEs	117.0	14,470,000
15	Insurance evaluation--FTEs	107.0	14,441,300
16	GROSS APPROPRIATION	\$	56,360,500
17	Appropriated from:		
18	Interdepartmental grant revenues:		
19	IDG from MDLARA, for debt management		639,700
20	Federal revenues:		
21	Federal revenues		1,017,100
22	Special revenue funds:		
23	Bank fees		5,131,700
24	Captive insurance regulatory and supervision		
25	fund		624,500
26	Consumer finance fees		2,486,500
27	Credit union fees		7,779,900
28	Deferred presentment service transaction fees		2,152,800

1	Insurance bureau fund	21,827,800
2	Insurance continuing education fees	809,700
3	Insurance licensing and regulation fees	8,358,300
4	MBLSLA fund	5,444,200
5	Multiple employer welfare arrangement	88,300
6	State general fund/general purpose	\$ 0
7	Sec. 104. INFORMATION TECHNOLOGY	
8	Information technology services and projects	\$ 4,699,400
9	GROSS APPROPRIATION	\$ 4,699,400
10	Appropriated from:	
11	IDG from MDLARA, for debt management	25,200
12	Special revenue funds:	
13	Bank fees	460,000
14	Captive insurance regulatory and supervision	
15	fund	21,200
16	Consumer finance fees	212,200
17	Credit union fees	785,100
18	Deferred presentment service transaction fees	197,800
19	Insurance bureau fund	1,171,700
20	Insurance continuing education fees	38,600
21	Insurance licensing and regulation fees	1,206,200
22	MBLSLA fund	581,400
23	State general fund/general purpose	\$ 0
24	Sec. 105. ONE-TIME APPROPRIATIONS	
25	Auto no-fault insurance market conduct study	\$ 100
26	Behavioral health parity review of health	
27	insurance market	100
28	GROSS APPROPRIATION	\$ 200

1	Appropriated from:	
2	Special revenue funds:	
3	Insurance bureau fund	200
4	Total other state restricted revenues	200
5	State general fund/general purpose	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2022-2023

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1 for fiscal year 2022-2023 is \$72,582,100.00 and state spending from state sources to be paid to local units of government for fiscal year 2022-2023 is \$0.00.

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

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

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

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

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

(d) "IDG" means interdepartmental grant.

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

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

1 (g) "Subcommittees" means the subcommittees of the house of
2 representatives and senate appropriations committees with
3 jurisdiction over the budget for the department.

4 Sec. 204. The department and agencies receiving appropriations
5 in this part and part 1 shall use the internet to fulfill the
6 reporting requirements of this part. This requirement shall include
7 transmission of reports via email to the recipients identified for
8 each reporting requirement and it shall include placement of
9 reports on an internet site.

10 Sec. 205. To the extent permissible under section 261 of the
11 management and budget act, 1984 PA 431, MCL 18.1261, all of the
12 following apply to funds appropriated in part 1:

13 (a) The funds must not be used for the purchase of foreign
14 goods or services, or both, if competitively priced and of
15 comparable quality American goods or services, or both, are
16 available.

17 (b) Preference must be given to goods or services, or both,
18 manufactured or provided by Michigan businesses, if they are
19 competitively priced and of comparable quality.

20 (c) Preference must be given to goods or services, or both,
21 that are manufactured or provided by Michigan businesses owned and
22 operated by veterans, if they are competitively priced and of
23 comparable quality.

24 Sec. 206. The department shall not take disciplinary action
25 against an employee of the department or departmental agency in the
26 state classified civil service because the employee communicates
27 with a member of the legislature or a member's staff unless the
28 communication is prohibited by law and the department or agency
29 taking disciplinary action is exercising its authority as provided

1 by law.

2 Sec. 207. The department shall prepare a report on out-of-state
3 travel expenses not later than January 1 of each year. The travel
4 report shall be a listing of all travel by classified and
5 unclassified employees outside this state in the immediately
6 preceding fiscal year that was funded in whole or in part with
7 funds appropriated in the department's budget. The report shall be
8 submitted to the senate and house appropriations committees, the
9 senate and house fiscal agencies, and the state budget office. The
10 report shall include the following information:

11 (a) The dates of each travel occurrence.

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

17 Sec. 208. Funds appropriated in part 1 may be used by a
18 principal executive department, state agency, or authority to hire
19 a person to provide legal services that the attorney general has
20 the responsibility or the discretion to provide. A principal
21 executive department, state agency, or authority may request
22 reimbursement from the office of the attorney general for costs
23 incurred for the purposes of hiring outside counsel to provide
24 legal services.

25 Sec. 209. Not later than November 30, the state budget office
26 shall prepare and transmit a report that provides for estimates of
27 the total general fund/general purpose appropriation lapses at the
28 close of the prior fiscal year. This report must summarize the
29 projected year-end general fund/general purpose appropriation

1 lapses by major departmental program or program areas. The state
2 budget office shall transmit the report to the chairpersons of the
3 senate and house of representatives appropriations committees and
4 the senate and house fiscal agencies.

5 Sec. 211. The department shall cooperate with the department
6 of technology, management, and budget to maintain a searchable
7 website accessible by the public at no cost that includes, but is
8 not limited to, all of the following for the department or each
9 agency:

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

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

12 (c) Fiscal-year-to-date payments to a selected vendor,
13 including the vendor name, payment date, payment amount, and
14 payment description.

15 (d) The number of active department employees by job
16 classification.

17 (e) Job specifications and wage rates.

18 Sec. 212. Within 14 days after the release of the executive
19 budget recommendation, the department shall cooperate with the
20 state budget office to provide the chairpersons of the senate and
21 house appropriations committees, the chairpersons of the
22 subcommittees, and the senate and house fiscal agencies with an
23 annual report on estimated state restricted fund balances, state
24 restricted fund projected revenues, and state restricted fund
25 expenditures for the prior 2 fiscal years.

26 Sec. 213. The department shall maintain, on a publicly
27 accessible website, a department scorecard that identifies, tracks,
28 and regularly updates key metrics that are used to monitor and
29 improve the department's performance.

1 Sec. 214. Total authorized appropriations from all sources
2 under part 1 for legacy costs for the fiscal year ending September
3 30, 2023 are estimated at \$8,906,500.00. From this amount, total
4 agency appropriations for pension-related legacy costs are
5 estimated at \$5,407,400.00. Total agency appropriations for retiree
6 health care legacy costs are estimated at \$3,499,100.00.

7 Sec. 215. To the extent permissible under the management and
8 budget act, 1984 PA 431, MCL 18.1101 to 18.1594, the director shall
9 take all reasonable steps to ensure businesses in deprived and
10 depressed communities compete for and perform contracts to provide
11 services or supplies, or both. The director shall strongly
12 encourage firms with which the department contracts to subcontract
13 with certified businesses in depressed and deprived communities for
14 services, supplies, or both.

15 Sec. 216. (1) On a quarterly basis, the department shall
16 report to the senate and house appropriations committees, the
17 subcommittees, and the senate and house fiscal agencies the
18 following information:

19 (a) The number of FTEs in pay status by type of staff and
20 civil service classification.

21 (b) A comparison by line item of the number of FTEs authorized
22 from funds appropriated in part 1 to the actual number of FTEs
23 employed by the department at the end of the reporting period.

24 (2) By March 1 of the current fiscal year, the department
25 shall report to the senate and house appropriations committees, the
26 subcommittees, and the senate and house fiscal agencies the
27 following information:

28 (a) Number of employees that were engaged in remote work in
29 2022.

1 (b) Number of employees authorized to work remotely and the
2 actual number of those working remotely in the current reporting
3 period.

4 (c) Estimated net cost savings achieved by remote work.

5 (d) Reduced use of office space associated with remote work.

6 Sec. 217. Appropriations in part 1 shall, to the extent
7 possible by the department, not be expended until all existing work
8 project authorization available for the same purposes is exhausted.

9 Sec. 218. If the state administrative board, acting under
10 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount
11 appropriated under this article, the legislature may, by a
12 concurrent resolution adopted by a majority of the members elected
13 to and serving in each chamber, intertransfer funds within this
14 article for the particular department, board, commission, officer,
15 or institution.

16 Sec. 219. The department and agencies receiving appropriations
17 in this part and part 1 shall receive and retain copies of all
18 reports funded from appropriations in part 1. Federal and state
19 guidelines for short-term and long-term retention of records shall
20 be followed. The department may electronically retain copies of
21 reports unless otherwise required by federal or state guidelines.

22 Sec 220. Not later than April 1, the department shall report
23 on each specific policy change made to implement a public act
24 affecting the department that took effect during the prior calendar
25 year to the senate and house of representatives appropriations
26 committees, the subcommittees, the joint committee on
27 administrative rules, and the senate and house fiscal agencies.

28 Sec. 221. (1) From the funds appropriated in part 1, the
29 department shall do all of the following:

1 (a) Report to the house and senate appropriations committees,
2 the house and senate fiscal agencies, the house and senate policy
3 offices, and the state budget office any amounts of severance pay
4 for a department director, deputy director, or other high-ranking
5 department official not later than 14 days after a severance
6 agreement with the director or official is signed. The name of the
7 director or official and the amount of severance pay must be
8 included in the report required by this subdivision.

9 (b) Maintain an internet site that posts any severance pay in
10 excess of 6 weeks of wages, regardless of the position held by the
11 former department employee receiving severance pay.

12 (c) By February 1, report to the house and senate
13 appropriations subcommittees on the department budget, the house
14 and senate fiscal agencies, the house and senate policy offices,
15 and the state budget office on the total amount of severance pay
16 remitted to former department employees during the fiscal year
17 ending September 30, 2022, and the number of former department
18 employees that were remitted severance pay during the fiscal year
19 ending September 30, 2022.

20 (2) As used in this section, "severance pay" means
21 compensation that is both payable or paid upon the termination of
22 employment and in addition to either wages or benefits earned
23 during the course of employment or generally applicable retirement
24 benefits.

25 Sec. 222. (1) Any department, agency, board, commission, or
26 public officer that receives funding under part 1 shall not:

27 (a) Require as a condition of accessing any facility or
28 receiving services that an individual provide proof that he or she
29 has received a COVID-19 vaccine except as provided by federal law

1 or as a condition of receiving federal Medicare or Medicaid
2 funding.

3 (b) Produce, develop, issue, or require a COVID-19 vaccine
4 passport.

5 (c) Develop a database or make any existing database publicly
6 available to access an individual's COVID-19 vaccine status by any
7 person, company, or governmental entity.

8 (d) Require as a condition of employment that an employee or
9 official provide proof that he or she has received a COVID-19
10 vaccine. This subdivision does not apply to any hospital,
11 congregate care facility, or other medical facility or any
12 hospital, congregate care facility, or other medical facility
13 operated by a local subdivision that receives federal Medicare or
14 Medicaid funding.

15 (2) A department, agency, board, commission, or public officer
16 may not subject any individual to any negative employment
17 consequence, retaliation, or retribution because of that
18 individual's COVID-19 vaccine status.

19 (3) Subsection (1) does not prohibit any person, department,
20 agency, board, commission, or public officer from transmitting
21 proof of an individual's COVID-19 vaccine status to any person,
22 company, or governmental entity, so long as the individual provides
23 affirmative consent.

24 (4) If a department, agency, board, commission, subdivision,
25 or official or public officer is required to establish a vaccine
26 policy due to a federal mandate, it must provide exemptions to any
27 COVID-19 vaccine policy to the following individuals:

28 (a) An individual for whom a physician certifies that a COVID-
29 19 vaccine is or may be detrimental to the individual's health or

1 is not appropriate.

2 (b) An individual who provides a written statement to the
3 effect that the requirements of the COVID-19 vaccine policy cannot
4 be met because of religious convictions or other consistently held
5 objection to immunization.

6 (5) As used in this section, "public officer" means a person
7 appointed by the governor or another executive department official
8 or an elected or appointed official of this state or a political
9 subdivision of this state.

10 Sec. 223. Unless prohibited by law, the department may accept
11 credit card or other electronic means of payment for licenses,
12 fees, or permits.

13 Sec. 224. The department shall submit a report to the
14 subcommittees, the senate and house fiscal agencies, and the state
15 budget director by September 30 detailing any expenditure of funds
16 for a television or radio production that was made to a third-party
17 vendor in the fiscal year ending September 30, 2023. The report
18 must include all of the following information for each expenditure:

19 (a) Total amount of the expenditure.

20 (b) Fund source for the expenditure.

21 (c) Name of each vendor that created the production and the
22 amount paid to each vendor.

23 (d) Purpose of the production.

24 Sec. 225. From the funds appropriated in part 1 from the
25 insurance bureau fund, funds may be expended to support legislative
26 participation in insurance activities coordinated by insurance and
27 legislative associations, in accordance with section 225 of the
28 insurance code of 1956, 1956 PA 218, MCL 500.225.

INSURANCE AND FINANCIAL SERVICES REGULATION

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

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

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

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

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

Sec. 306. The department must electronically transmit the annual report prepared pursuant to section 238 of the insurance code of 1956, 1956 PA 218, MCL 500.238, and section 2108 of the banking code of 1999, 1999 PA 276, MCL 487.12108, to the subcommittees, senate and house fiscal agencies, and state budget director at the time of the publication of the report.

Sec. 307. The department must update examination manuals and letters of guidance to state-chartered financial institutions as necessary to reflect how the department will evaluate institutions that provide banking or other financial services to marijuana-related businesses or businesses that transport, test, grow, process, or sell marijuana based on the most recent state laws and guidance. The department may also include guidance or information on how federal law and regulations may impact state-chartered institutions.

Sec. 308. From any federal funds received by the department for the establishment of a state or regional health care claims database, the department shall consider all of the following

1 qualifications for potential entities when awarding any grant for
2 the creation of the database:

3 (a) Status as a not-for-profit Michigan-based organization or
4 partnership.

5 (b) Prior experience collecting and analyzing health care
6 data, preferably claims data or similar datasets.

7 (c) Prior experience working with researchers on health care
8 outcomes and utilization.

9 (d) Prior experience working with public health officials on
10 public health outcomes and utilization.

11 (e) Prior experience collecting and analyzing data related to
12 health care pricing.

13 (f) Ability of organization to provide data that could enhance
14 the value of a database, such as health outcomes, health status,
15 and analysis of care delivery models.

16 Sec. 309. (1) Beginning October 1, 2023, any results or
17 findings from an audit conducted by the department must be reported
18 to the audited entity within 180 days after the audit start date.
19 If at that time the director determines that the initial audit
20 findings merit additional investigation, the department may extend
21 the audit period up to an additional 180 days for a total of not
22 more than 360 days after the audit start date.

23 (2) The department shall take all reasonable and necessary
24 measures to complete audits within the same fiscal year in which
25 they were initiated, subject to the timeframe requirements of this
26 section.

27 (3) The department shall finalize any outstanding audits with
28 a start date before October 1, 2020 before initiating any new audit
29 after September 30, 2022.

1 Sec. 311. From the funds appropriated in part 1, by October
2 30, 2022, the department shall make publicly available on its
3 website and electronically transmit to the subcommittees and the
4 house and senate fiscal agencies a report listing all initiated
5 audits since April 30, 2018. The report must list for each audit a
6 summary of the audit's current status, a statement as to whether
7 the audit had yet produced findings, the audit start date, an
8 estimated or actual completion date, and date of notice of
9 completion sent to the audited entity.