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:

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, 2019, from the following funds:

DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

APPROPRIATION SUMMARY

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

Full-time equated classified positions......... 336.5

GROSS APPROPRIATION.................................. $ 67,971,900

Interdepartmental grant revenues:		
IDG-LARA, for debt management		713,800
Total interdepartmental grants and intradepartmental transfers		713,800
ADJUSTED GROSS APPROPRIATION	$	67,258,100
Federal revenues:		
Total federal revenues		2,017,300
Special revenue funds:		
Bank fees		6,474,900
Captive insurance regulatory and supervision fund		292,100
Consumer finance fees		3,291,300
Credit union fees		9,372,400
Deferred presentment service transaction fees		3,700,700
Insurance bureau fund		24,699,300
Insurance continuing education fees		1,044,000
Insurance licensing and regulation fees		9,064,300
MBLSLA fund		6,867,000
Multiple employer welfare arrangement		284,800
Total other state restricted revenues		65,090,800
State general fund/general purpose	$	150,000

Sec. 102. DEPARTMENT SERVICES

Full-time equated unclassified positions 6.0		
Full-time equated classified positions 22.5		
Unclassified salaries--6.0 FTE positions	$	784,500
Administrative hearings		182,500
Department services--19.0 FTE positions		3,801,200
Executive director programs--3.5 FTE positions		1,075,900

Property management		1,245,400
Worker's compensation		4,200
GROSS APPROPRIATION	$	7,093,700
Appropriated from:		
Special revenue funds:		
Bank fees		512,300
Captive insurance regulatory and supervision fund		2,900
Consumer finance fees		201,100
Credit union fees		862,200
Deferred presentment service transaction fees		272,000
Insurance bureau fund		2,451,800
Insurance continuing education fees		64,200
Insurance licensing and regulation fees		1,915,600
MBLSLA fund		660,300
Multiple employer welfare arrangement		1,300
State general fund/general purpose	$	150,000

Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION

Full-time equated classified positions 314.0		
Insurance evaluation--118.0 FTE positions	$	24,789,600
Financial institutions evaluation--132.0 FTE positions		24,633,100
Consumer services and protection--64.0 FTE positions		8,803,600
GROSS APPROPRIATION	$	58,226,300
Appropriated from:		
Interdepartmental grant revenues:		
IDG-LARA, for debt management		713,800
Federal revenue:		
Federal revenues		2,017,300

Special revenue funds:

Bank fees		5,737,100
Captive insurance regulatory and supervision fund		289,200
Consumer finance fees		2,997,200
Credit union fees		8,141,100
Deferred presentment service transaction fees		3,315,400
Insurance bureau fund		21,406,800
Insurance continuing education fees		957,000
Insurance licensing and regulation fees		6,421,100
MBLSLA fund		5,946,800
Multiple employer welfare arrangement		283,500
State general fund/general purpose	$	0

Sec. 104. INFORMATION TECHNOLOGY

Information technology services and projects	$	2,251,900
GROSS APPROPRIATION	$	2,251,900

Appropriated from:

Special revenue funds:

Bank fees		225,500
Consumer finance fees		93,000
Credit union fees		369,100
Deferred presentment service transaction fees		113,300
Insurance bureau fund		440,700
Insurance continuing education fees		22,800
Insurance licensing and regulation fees		727,600
MBLSLA fund		259,900
State general fund/general purpose	$	0

Sec. 105. ONE-TIME APPROPRIATIONS

Insurance evaluation enhancement	$	400,000
GROSS APPROPRIATION	$	400,000
Appropriated from:		
Special revenue funds:		
Insurance bureau fund		400,000
State general fund/general purpose	$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2018-2019

GENERAL SECTIONS

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

employee from the department does not have expertise.

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

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

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

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

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

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

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

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

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

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

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

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

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

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

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

(e) Job specifications and wage rates.

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

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

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

Sec. 215. Unless prohibited by law, the department may accept credit card or other electronic means of payment for licenses, fees, or permits.

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

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

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

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

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

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

ONE-TIME APPROPRIATIONS

Sec. 401. (1) From the funds appropriated in part 1 for insurance evaluation enhancement, by January 31, 2019, the department must complete a study led by an actuarial firm capable of supporting this state's pursuit of a state innovation waiver under section 1332 of the patient protection and affordable care act. The study must meet all criteria for a section 1332 state innovation waiver found at 45 CFR Part 155. The study must include analyses, actuarial certifications data, assumptions, targets, and other information sufficient to provide the secretary of the United States Department of Health and Human Services and the secretary of the United States Department of Treasury with the necessary data to determine whether this state's proposed waiver would do all of the following:

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

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

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

(d) Not increase the federal deficit.

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