

FY 2021-22: INSURANCE AND FINANCIAL SERVICES
Summary: As Passed by the Senate
Senate Bill 87 (S-2)



Analyst: Marcus Coffin

IDG/IDT	FY 2020-21 YTD as of 2/11/21	FY 2021-22 Executive	FY 2021-22 House	FY 2021-22 Senate	FY 2021-22 Conference	Difference: Senate From FY 2020-21 YTD	
						Amount	%
	\$728,600	\$724,600	\$181,100	\$724,600		(\$4,000)	(0.5)
Federal	1,017,100	1,017,100	254,300	1,017,100		0	0.0
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	71,570,000	71,245,900	17,643,500	71,221,200		(348,800)	(0.5)
GF/GP	0	0	0	0		0	--
Gross	\$73,315,700	\$72,987,600	\$18,078,900	\$72,962,900		(\$352,800)	(0.5)
FTEs	378.5	388.5	388.5	312.7		(65.8)	(17.4)

Notes: (1) FY 2020-21 year-to-date figures include mid-year budget adjustments through February 11, 2021. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating and promoting the insurance and financial services industries operating within the state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes from FY 2020-21 YTD Appropriations

FY 2020-21 Year-to-Date (as of 2/11/21)	FY 2021-22 Senate Change
--	---

Generally, the House Subcommittee Recommendation appropriates the equivalent of one quarter of the anticipated annual appropriation. For major budget changes listed below, the quartered appropriations are annualized for comparison purposes.

1. Regulatory Staff Increase

Executive and House include authorization for 10.0 FTE positions, which the department has indicated would be used to fulfill departmental responsibilities related to recently enacted legislation addressing no-fault auto insurance reform, anti-fraud changes, and surprise medical billing. The FTE positions would also be used to address increased volumes of activity in health and auto insurance regulation, communication, and consumer services. Positions that would be filled are projected to include:

- 1 Call Center Operator
- 1 Insurance Property and Casualty Filing Analyst
- 1 Education and Outreach Analyst
- 2 Insurance Medical Claims Analysts
- 2 Insurance Examiners
- 3 Insurance Fraud Investigators

Senate does not include.

FTE	NA	0.0
Gross	NA	\$0
GF/GP	NA	\$0

2. Senate FTE Reductions

Senate reduces classified FTE authorizations by 62.8 FTE positions. and the unclassified FTE authorization by 3.0 FTE positions.

FTE	378.5	(65.8)
Gross	NA	\$0
GF/GP	NA	\$0

<u>Major Budget Changes from FY 2020-21 YTD Appropriations</u>		<u>FY 2020-21 Year-to-Date (as of 2/11/21)</u>	<u>FY 2021-22 Senate Change</u>
2. Technical Adjustments		NA	\$0
<u>Executive</u> , <u>House</u> , and <u>Senate</u> include two net-zero adjustments within the budget to align appropriations with departmental regulatory activities:	Restricted	NA	0
<ul style="list-style-type: none"> • Internally transfers \$2.4 million in restricted authorization and 10.0 FTE positions from the Insurance Evaluation line item to the Consumer Services and Protection line item. • Decreases restricted authorization from the Insurance Bureau Fund by \$2.0 million while increasing restricted authorization from Insurance Licensing and Regulation Fees by \$2.0 million, to align with regulatory activity. DIFS indicated that the volume of insurance licensing has increased over the last several fiscal years, resulting in increased revenue to the Insurance Licensing and Regulation Fund. 	GF/GP	NA	\$0
3. Economic Adjustments		NA	(\$352,800)
<u>Executive</u> and <u>House</u> reflect decreased costs of \$328,100 Gross (\$0	IDG/IDT	NA	(4,000)
GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2021 and 1.0% on April 1, 2022), overtime increases, increased longevity, higher actuarially required retirement contributions, increased building occupancy charges, decreases in other employee retirement costs, decreases in worker's compensation, and other economic adjustments. <u>Senate</u> does not include the \$24,700 adjustment for the Unclassified Salaries line item.	Restricted	NA	(348,800)
	GF/GP	NA	\$0
4. Unclassified Salaries	FTE	6.0	0.0
<u>House</u> reduces restricted funding for Unclassified Salaries by \$671,900.	Gross	\$820,600	\$0
<u>Executive</u> and <u>Senate</u> do not include.	Restricted	820,600	0
	GF/GP	\$0	\$0

Major Boilerplate Changes from FY 2020-21

Sec. 206. Communication with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. Executive deletes. House and Senate retain.

Sec. 207. Out-of-State Travel – RETAINED

Stipulates conditions when DIFS may send employees on out-of-state travel; limits expenditure of state funds on out-of-state professional development conferences; requires detailed report on all out-of-state travel. Executive revises to strike sections delineating conditions under which out-of-state travel is permissible and to modify requirements for information to be contained in the report. House and Senate retain.

Sec. 210. Contingency Funding – DELETED

Appropriates up to \$200,000 in federal and \$1.0 million in state restricted contingency funds; authorizes expenditure of funds after legislative transfer to specific line items. Executive revises to adjust appropriation amounts to \$1.0 million in federal and \$5.0 million in state restricted contingency funds. House retains. Senate deletes.

Sec. 216. FTE Vacancies and Remote Work Report – RETAINED

Requires DIFS to submit a quarterly report on FTE staffing and a semiannual report on remote work and associated metrics. Executive deletes. House and Senate retain.

Sec. 217. Work Project Usage – RETAINED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. Executive deletes. House and Senate retain.

Sec. 218. State Administrative Board Transfers – RETAINED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. Executive deletes. House and Senate retain.

Major Boilerplate Changes from FY 2020-21

Sec. 219. Retention of Reports – RETAINED

Requires DIFS to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention. Executive deletes. House and Senate retain.

Sec. 220. Report on Policy Changes for Public Act Implementation – RETAINED

Requires DIFS to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive deletes. House and Senate retain.

Sec. 221. Severance Pay Report – NOT INCLUDED

Requires DIFS to report the name and any amount of severance pay given to any high-ranking department official; requires DIFS to maintain an internet site that posts any severance pay in excess of 6 weeks of wages for a former employee of any rank; requires DIFS to report on the total amount of severance pay remitted to former employees during the prior fiscal year and the number of those employees; defines "severance pay". House includes new language. Executive and Senate do not include.

Sec. 222. Prohibition on COVID-19 Vaccine Status Verifications – NOT INCLUDED

Prohibits state entities receiving funding from part 1 from requiring proof of COVID-19 vaccination as a condition of accessing any state services or facilities, producing COVID-19 vaccine passports, and providing information to other parties for inclusion in a COVID-19 vaccine passport. House includes new language. Executive and Senate do not include.

Sec. 222. Television and Radio Production Expenditure Report – RETAINED

Requires DIFS to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included. Executive deletes. House and Senate retain.

Sec. 223. Insurance Bureau Fund Use – DELETED

Authorizes Insurance Bureau Fund appropriations for use to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with the Insurance Code of 1956. Executive deletes. House retains. Senate deletes.

Sec. 301. Health Insurance Rate Filings Report – RETAINED

Requires DIFS to submit a report based on health insurer annual rate filings; delineates information to be included. Executive deletes. House and Senate retain.

Sec. 302. Conservatorship and Insurance Liquidation Funds – DELETED

Requires funds collected by DIFS in connection with a conservatorship pursuant to section 32 of 1987 PA 173 and from corporations being liquidated pursuant to 1956 PA 218 to be appropriated for expenses necessary to provide required services and not to lapse to the General Fund; limits appropriations under the section and Sec. 303 to \$300,000. Executive revises to eliminate the cap on appropriations under this section and section 303. House retains. Senate deletes.

Sec. 303. Fees for Customized Listings – DELETED

Permits DIFS to provide customized listings of non-confidential information to interested parties and to charge reasonable fees; states that funds lapse to appropriate restricted fund accounts and limits amount appropriated under this section and Sec. 302 to \$300,000. Executive revises to eliminate the cap on appropriations under this section and section 302. House retains. Senate deletes.

Sec. 304. Out-of-Network Billing Complaints Report – DELETED

Requires DIFS to submit a report on out-of-network billing complaints; delineates information to be included. Executive deletes. House retains. Senate deletes.

Sec. 305. Anti-Fraud Unit Report – RETAINED

Requires DIFS to provide a mid-year update to the Anti-Fraud Unit report required under section 6303 of 1956 PA 218. Executive deletes. House and Senate retain.

Sec. 306. Consumer Services Complaints Report – RETAINED

Requires DIFS to submit a report regarding the amount of consumer complaints received, the process for handling complaints, and complaint outcomes. Executive deletes. House and Senate retain.

Sec. 307. Financial Institutions Marijuana Evaluation Guidance – RETAINED

Requires DIFS to update examination manuals and letters of guidance to reflect how institutions will be evaluated that provide financial services to businesses involved in the marijuana industry. Executive deletes. House and Senate retain.

Major Boilerplate Changes from FY 2020-21

Sec. 308. State or Regional Health Care Claims Database – NEW

Requires DIFS to prioritize criteria enumerated in the section when awarding federal funds for any contract for the creation of a state or regional health care claims database. Senate includes new language.