

FY 2023-24: INSURANCE AND FINANCIAL SERVICES
Summary: As Passed by the Senate
Senate Bill 196 (S-1)



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IDG/IDT	FY 2022-23 YTD as of 2/8/23	FY 2023-24 Executive	FY 2023-24 House	FY 2023-24 Senate	FY 2023-24 Conference	Difference: House From FY 2022-23 YTD	
						Amount	%
	\$736,500	\$732,100	\$732,100	\$732,100		(\$4,400)	(0.6)
Federal	1,017,100	1,017,100	1,017,100	1,017,100		0	0.0
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	72,581,900	72,398,700	72,398,700	72,398,700		(183,200)	(0.3)
GF/GP	0	0	500,000	0		0	--
Gross	\$74,335,500	\$74,147,900	\$74,647,900	\$74,147,900		(\$187,600)	(0.3)
FTEs	390.5	390.5	390.5	390.5		0.0	0.0

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (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 2022-23 YTD Appropriations

1. Insulin Prescription Drug Market Study

House includes \$500,000 GF/GP (one-time) to conduct a study assessing Michigan's insulin market and opportunities to reduce the price of insulin for consumers. The study would collect information and data from insurers, pharmacy benefit managers, pharmacies, insulin consumers, and other relevant stakeholders involved in the insulin market. Senate does not include.

	FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 House Change
Gross	NA	\$0
GF/GP	NA	\$0

2. Economic Adjustments

Executive reflects decreased net costs of \$187,600 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), overtime, longevity, actuarially required retirement contributions, other employee retirement costs, building occupancy charges, and other economic adjustments. House and Senate concur with Executive.

Gross	NA	(\$187,600)
IDG/IDT	NA	(4,400)
Restricted	NA	(183,200)
GF/GP	NA	\$0

Major Boilerplate Changes from FY 2022-23

Sec. 205. Standard List of Report Recipients – NOT INCLUDED

Requires submission of all reports to the subcommittees, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office. Executive does not include. House includes new language. Senate does not include.

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.

Major Boilerplate Changes from FY 2022-23

Sec. 210. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$200,000 and state restricted authorization by up to \$1.0 million. Executive revises to increase maximum amounts of contingency authorizations to increase federal authorization by up to \$1.0 million and state restricted authorization by up to \$5.0 million. House and Senate concur with Executive.

Sec. 211. Transparency Website – RETAINED

Requires DIFS, in cooperation with DTMB, to maintain a searchable website accessible by public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates. Executive deletes. House and Senate retain.

Sec. 212. Restricted Fund Report – RETAINED

Requires DIFS to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years. Executive deletes. House revises to align report recipients with section 205. Senate retains.

Sec. 213. Department Scorecard Website – RETAINED

Requires DIFS to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance. Executive deletes. House and Senate retain.

Sec. 214. Legacy Costs – DELETED

States that estimated funding to be expended on legacy costs in FY 2022-23 is \$8.9 million (\$5.4 million on pension related legacy costs and \$3.5 million on health care legacy costs). Executive deletes. House and Senate concur with Executive and delete.

Sec. 214. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers. Executive includes new language. House and Senate include new language.

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

Requires DIFS to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2022, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work. Executive revises to delete all reporting requirements except for quarterly comparison of actual and authorized FTEs. House concurs with Executive. Senate retains.

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 – DELETED

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

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 revises to align report recipients with section 205. Senate retains.

Sec. 221. Severance Pay Reporting – RETAINED

Requires DIFS to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; maintain an internet site posting any severance pay in excess of 6 weeks of wages; report the total amount of severance pay remitted and the number of DIFS employees receiving severance pay in FY 2021-22. Executive deletes. House revises to align report recipients with section 205, delete the requirement to maintain an internet site posting any severance pay in excess of 6 weeks of wages, and update fiscal year references. Senate retains with updated fiscal year references.

Major Boilerplate Changes from FY 2022-23

Sec. 222. COVID-19 Vaccine Stipulations – DELETED

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy. Executive deletes. House and Senate concur with Executive and delete.

Sec. 223. In-Person Work – RETAINED

Expresses legislative intent that DIFS maximize the efficiency of the state workforce and prioritize in-person work where possible; requires DIFS to post its in-person, remote, or hybrid work policy on its website. Executive deletes. House and Senate retain.

Sec. 225. 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 deletes. Senate retains.

Sec. 226. Insurance Bureau Fund Use – RETAINED

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 and Senate retain.

Sec. 301. Health Insurers 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 revises to align report recipients with section 205. Senate retains.

Sec. 302. Conservatorship and Insurance Liquidation Funds – REVISED

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 to not lapse to General Fund; limits appropriations to \$400,000. Executive revises to remove the \$400,000 cap. House revises to increase the cap to \$1,000,000. Senate concurs with Executive.

Sec. 303. Fees for Customized Listings – REVISED

Permits DIFS to provide customized lists of non-confidential information to interested parties and to charge reasonable fees; requires funds to lapse to appropriate restricted fund accounts and limits amount appropriated to \$400,000. Executive revises to remove the \$400,000 cap. House revises to increase the cap to \$1,000,000. Senate concurs with Executive.

Sec. 304. Annual Reports Transmission – DELETED

Requires DIFS to electronically transmit specific annual reports required under the Insurance Code of 1956 and the Banking Code of 1999. Executive deletes. House revises to align report recipients with section 205. Senate deletes.

Sec. 305. Financial Institutions Marijuana Evaluation Guidance – RETAINED

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

Sec. 306. State or Regional Health Care Claims Database Grant Award Criteria – DELETED

Requires DIFS to consider not-for-profit and Michigan-based status, prior experience collecting and analyzing relevant information, and prior work experiences when awarding any grant for the creation of a state or regional health care claims database utilizing federal funds. Executive deletes. House and Senate concur with Executive and delete.

Sec. 307. Michigan Catastrophic Claims Association Reporting – NEW

Requires DIFS to work with the MCCA to publicly disclose all data used in computing the MCCA premium and expected losses and expenses; enumerates the information to be reported. Executive does not include. House does not include. Senate includes new language.

Sec. 401. Insulin Prescription Drug Market Study – NOT INCLUDED

Requires DIFS to conduct a study of the insulin market and to submit recommendations to lower the price of insulin; requires the study to include information and data regarding insurers, pharmacy benefit managers, pharmacies, insulin consumers, and any other relevant stakeholders. Executive does not include. House includes new language. Senate does not include.