

**FY 2024-25: INSURANCE AND FINANCIAL SERVICES**  
**Summary: As Reported by House Appropriations Committee**  
**House Bill 5513 (H-2)**



**Analyst: Marcus Coffin**

	FY 2023-24 Enacted as of 2/7/24	FY 2024-25 Executive	FY 2024-25 House	FY 2024-25 Senate	FY 2024-25 Conference	Difference: House From FY 2023-24	
						Enacted Amount	%
<b>IDG/IDT</b>	\$732,100	\$753,500	\$753,500			\$21,400	2.9
<b>Federal</b>	1,017,100	700,000	700,000			(317,100)	(31.2)
<b>Local</b>	0	0	0			0	--
<b>Private</b>	0	0	0			0	--
<b>Restricted</b>	72,398,700	76,317,900	76,317,900			3,919,200	5.4
<b>GF/GP</b>	0	0	0			0	--
<b>Gross</b>	<b>\$74,147,900</b>	<b>\$77,771,400</b>	<b>\$77,771,400</b>			<b>\$3,623,500</b>	<b>4.9</b>
<b>FTEs</b>	394.5	401.5	401.5			7.0	1.8

Note: Appropriation figures for FY 2024-25 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 this 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 2023-24 Enacted Appropriations**

**1. Staffing Increase**

Executive includes \$1.3 million Gross (\$0 GF/GP) and authorization for 7.0 FTE positions to hire additional staff to address increased work volumes due to insurance sector growth. This increase would impact two line items and the additional staff that would be hired includes 2 analyst positions, 2 management positions, 1 licensing technician, 1 enforcement attorney, and 1 communications representative. The funding would support salaries and benefits associated with the FTE positions, as well as IT licenses that would be necessary for the new positions. House concurs.

	FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 House Change
FTE	225.0	7.0
<b>Gross</b>	<b>\$38,672,500</b>	<b>\$1,314,100</b>
IDG/IDT	61,600	2,800
Federal	1,017,100	0
Restricted	37,593,800	1,311,300
GF/GP	\$0	\$0

**2. Pharmacy Benefit Manager Licensure and Registration Act**

Executive includes \$660,000 of state restricted funding authorization from the Insurance Bureau Fund to support regulatory activities related to pharmacy benefit managers required under 2022 PA 11. House concurs.

<b>Gross</b>	<b>NA</b>	<b>\$660,000</b>
Restricted	NA	660,000
GF/GP	NA	\$0

**3. Insurance Complaints and Healthcare Appeals Outreach Campaign**

Executive includes \$250,000 of state restricted funding authorization from Insurance Licensing and Regulation Fees (one-time) to support an outreach campaign to raise awareness of consumer rights regarding filing insurance complaints and seeking appeals of health insurance denials. These rights are established under the Insurance Code of 1956 (1956 PA 218) and the Patient's Right to Independent Review Act (2000 PA 251). It is anticipated that funding would be used for media purchases (billboards, TV, radio, social media, etc.) and contracted production services. House concurs.

<b>Gross</b>	<b>\$0</b>	<b>\$250,000</b>
Restricted	0	250,000
GF/GP	\$0	\$0

		FY 2023-24 Enacted (as of 2/7/24)	FY 2024-25 House Change
<b>Major Budget Changes from FY 2023-24 Enacted Appropriations</b>			
<b>4. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
<u>Executive</u> includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. <u>House</u> concurs.	Federal	NA	(317,100)
	Restricted	NA	317,100
	GF/GP	NA	\$0
<b>5. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,399,400</b>
<u>Executive</u> reflects increased costs of \$1.4 million Gross (\$0 GF/GP) for negotiated salary and wage increases (5.0% on October 1, 2024), insurances, actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG/IDT	NA	18,600
	Restricted	NA	1,380,800
	GF/GP	NA	\$0

**Major Boilerplate Changes from FY 2023-24**

**Note: Boilerplate throughout the bill was revised to include non-substantive technical changes agreed to by the House, the Senate, and the Legislative Service Bureau. Boilerplate section numbers listed in this document are section numbers as they appear in the House bill substitute.**

**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 retains.

**Sec. 210. Legislative Contingency Transfer Authorization – RETAINED**

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 retains.

**Sec. 211. Transparency Website – RETAINED**

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

**Sec. 212. State Restricted Funds 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 retains.

**Sec. 214. Department Website Information – DELETED**

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

**Sec. 215. FTE Positions and Vacancies Reports – RETAINED**

Requires DIFS to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts. Executive revises to delete reporting on FTE volumes. House retains.

**Sec. 216. In-Person Work – RETAINED**

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

**Sec. 217. 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 retains.

**Sec. 218. State Administrative Board Transfers – DELETED**

Stipulates that the legislature may inter-transfer funds via concurrent resolution if the State Administrative Board transfers funds. Executive and House delete.

**Sec. 218. 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 retains.

## **Major Boilerplate Changes from FY 2023-24**

### **Sec. 219. *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 retains.

### **Sec. 221. *Severance Pay Reporting* – DELETED**

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; requires report on total amount of severance pay remitted and number of DIFS employees receiving severance pay in FY 2022-23. Executive and House delete.

### **Sec. 221. *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 retains.

### **Sec. 301. *Health Insurance Rate Change Report* – RETAINED**

Requires DIFS to electronically transmit the annual health insurance rate change report prepared pursuant to 45 CFR 154.301(b). Executive deletes. House 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 \$1.0 million. Executive and House revise to remove the \$1.0 million cap.

### **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 \$1.0 million. Revises to remove the \$1.0 million cap. Executive and House revise to remove the \$1.0 million cap.

### **Sec. 304. *Annual Reports Transmission* – RETAINED**

Requires DIFS to electronically transmit the annual report required under the Insurance Code of 1956 and the Banking Code of 1999. Executive deletes. House retains.

### **Sec. 305. *Financial Institutions Marihuana Evaluation Guidance* – RETAINED**

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