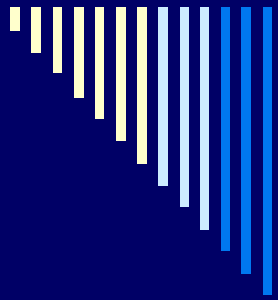


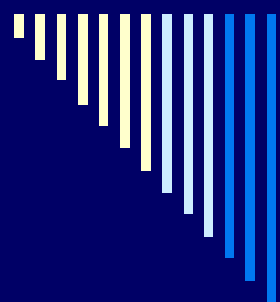
Department of Business Regulation

FY 2012 Revised
FY 2013 Recommended
FY 2013 - FY 2017 Capital Budget
Staff Presentation
March 22, 2012



Department of Business Regulation

- Divisions include:
 - Central Management
 - Banking Regulation
 - Securities Regulation
 - Board of Accountancy
 - Insurance Regulation
 - Office of the Health Insurance Commissioner
 - Commercial Licensing, Racing, and Athletics
 - Boards for Design Professionals



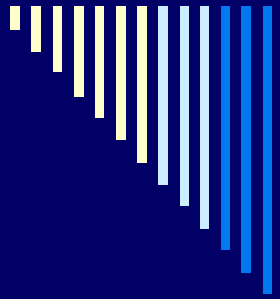
Banking and Securities Regulation

□ Banking Regulation

- Required by statute to conduct annual examinations of banks and credit unions
- Responsible for monitoring, regulating and examining the 32 state-chartered financial institutions and credit unions and approx. 1,100 licensees

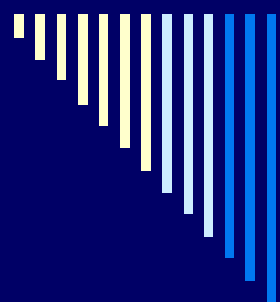
□ Securities Regulation

- Enforces compliance with state laws for the securities industry, franchises, charities, fundraisers and time-shares
- Licenses and regulates securities professionals



Insurance Regulation

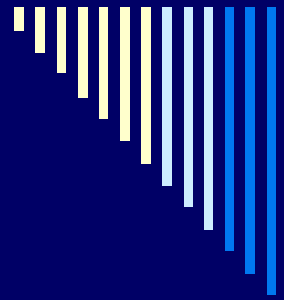
- Conducts financial exams of domestic insurance companies
- Licenses companies, producers, adjusters and appraisers



Office of Health Insurance Commissioner

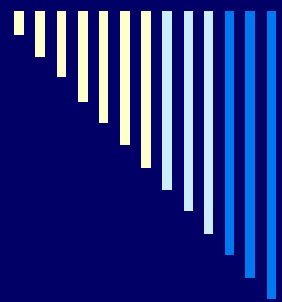
- Created by 2004 Assembly and was established as a separate program in the Department in FY 2012

- Commissioner is appointed by Governor with advice and consent of the Senate
 - To guard solvency of health insurers
 - To protect interests of consumers
 - To encourage fair treatment of health care providers
 - To encourage policies to improve the quality and efficiency of health care service delivery and outcomes



Commercial Licensing, Racing & Athletics

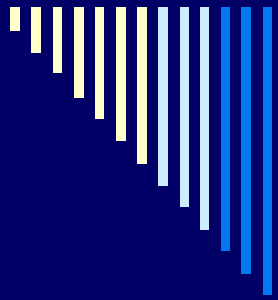
- Licenses and regulates real estate agents, brokers, appraisers, auto body shops, glass installers, upholsters and liquor wholesalers
- Licenses Twin River and Newport Grand employees and vendors



Board of Accountancy and Design Professionals

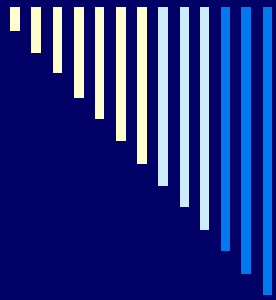
- Board of Accountancy
 - Autonomous board responsible for the administration of the licensing of certified public accountants, public accountants, partnerships and corporations

- Boards for Design Professionals
 - Boards of Registration for professional engineers, professional land surveyors, landscape architects and architects
 - Examines and registers candidates, issues license renewals, proctors exams and acts upon complaints



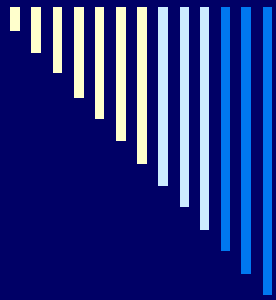
Performance Metrics

- Department has implemented new performance metrics including:
 - Revenues-to-Cost ratio – Department and Division
 - Average age of technology
 - Percent of licenses issued online
 - Percentage of Dept. rules and regulations reviewed
 - Average time to issue licenses and conduct examinations
 - Percent of exams considered current
 - Percentage of complaint cases closed versus received
 - Customer satisfaction survey



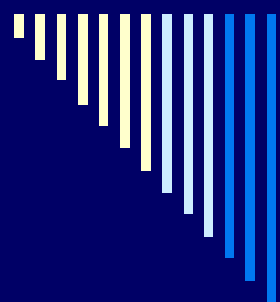
Funding by Source

| | FY 2012 Enacted | FY 2012 Revised | FY 2013 Governor | Change to Enacted |
|------------------------|--------------------|--------------------|---------------------|----------------------|
| General Revenues | \$9,436,378 | \$8,832,882 | \$9,612,048 | \$175,670 |
| Federal | 6,803,273 | 9,441,337 | 23,815,601 | 17,012,328 |
| Restricted Receipts | 1,767,447 | 1,907,151 | 1,965,873 | 198,426 |
| Other | - | - | 16,545 | 16,545 |
| Total | \$18,007,098 | \$20,181,370 | \$35,410,067 | \$17,402,969 |



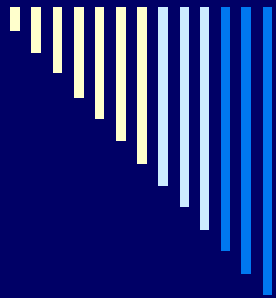
Funding by Category

| | FY 2012 Enacted | FY 2012 Revised | FY 2013 Governor | Change to Enacted |
|---------------------|--------------------|--------------------|---------------------|----------------------|
| Salaries & Benefits | \$10,191,878 | \$9,604,466 | \$10,505,783 | \$313,905 |
| Contracted Services | 5,319,169 | 8,490,405 | 23,428,354 | 18,109,185 |
| Operating | 1,096,957 | 1,159,804 | 1,048,204 | (48,753) |
| Assistance & Grants | 1,379,356 | 874,671 | 344,890 | (1,034,466) |
| Capital | 19,738 | 52,024 | 82,836 | 63,098 |
| Total | \$18,007,098 | \$20,181,370 | \$35,410,067 | \$17,402,969 |



Funding By Program

| (in millions) | FY 2012 Enacted | FY 2012 Revised | FY 2013 Gov | Change to Enacted |
|----------------------------------|--------------------|--------------------|----------------|----------------------|
| Central Management | \$ 1.2 | \$ 1.1 | \$ 1.2 | \$ - |
| Banking Regulation | 1.6 | 1.6 | 1.9 | 0.3 |
| Securities Regulation | 1.1 | 0.9 | 1.1 | - |
| Commercial Licensing & Racing | 1.2 | 1.0 | 1.2 | - |
| Insurance Regulation | 5.3 | 5.3 | 5.4 | 0.1 |
| Office of Health Insurance Comm. | 7.2 | 9.9 | 24.4 | 17.2 |
| Board of Accountancy | 0.2 | 0.1 | 0.1 | (0.1) |
| Boards for Design Professionals | 0.2 | 0.3 | 0.2 | - |
| Total | \$ 18.0 | \$ 20.2 | \$ 35.4 | \$ 17.4 |

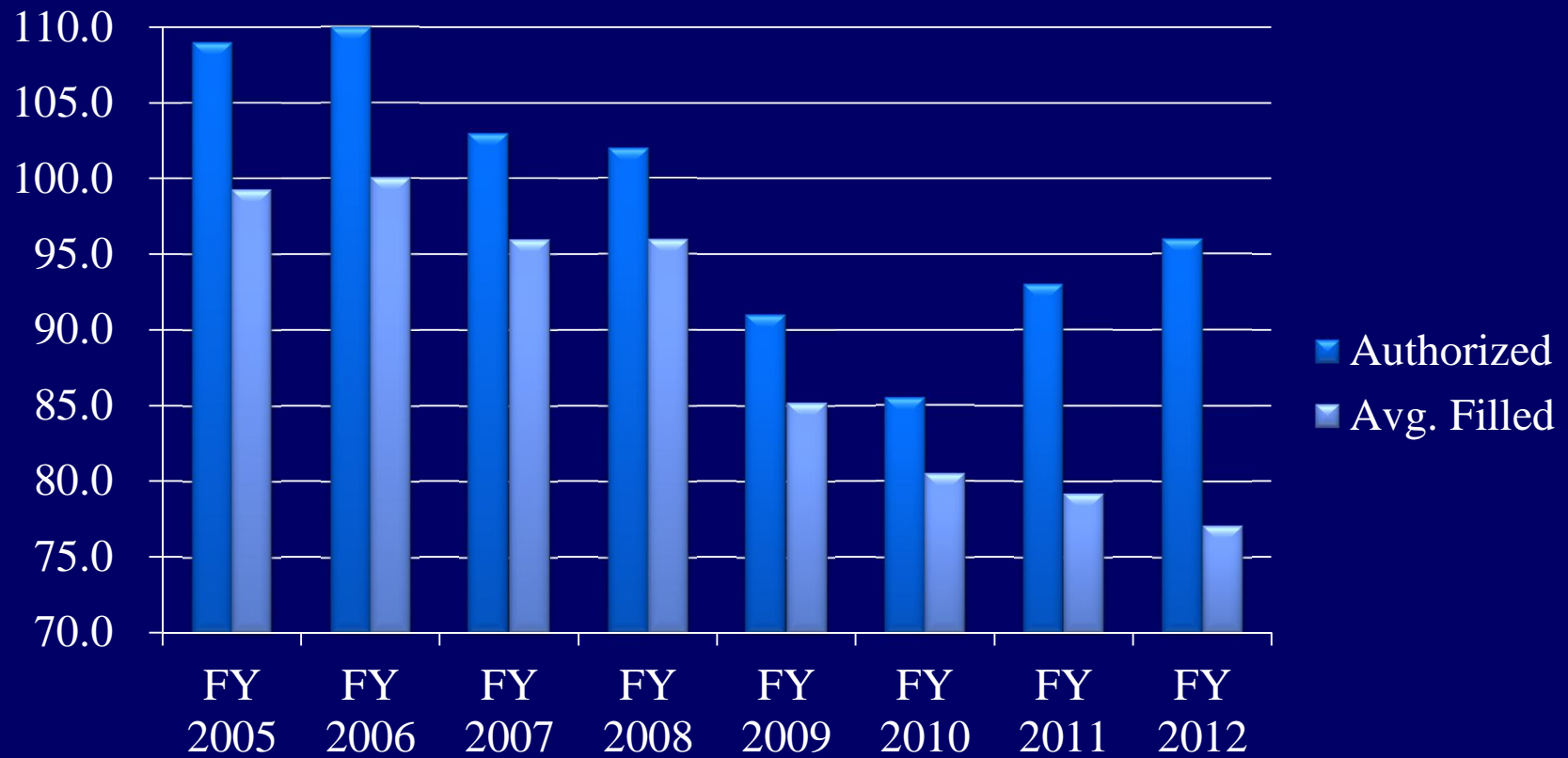


FTE by Program

| | FY 2012 Enacted | FY 2012 Revised | FY 2013 Gov | Change to Enacted |
|----------------------------------|--------------------|--------------------|----------------|----------------------|
| Central Management | 9.0 | 9.0 | 9.0 | - |
| Banking Regulation | 15.0 | 15.0 | 15.0 | - |
| Securities Regulation | 10.0 | 10.0 | 10.0 | - |
| Commercial Licensing & Racing | 11.0 | 11.0 | 11.0 | - |
| Insurance Regulation * | 38.0 | 38.0 | 38.0 | - |
| Office of Health Insurance Comm. | 9.0 | 9.0 | 9.0 | - |
| Board of Accountancy | 2.0 | 2.0 | 1.0 | (1.0) |
| Boards for Design Professionals | 2.0 | 2.0 | 2.0 | - |
| Total | 96.0 | 96.0 | 95.0 | (1.0) |

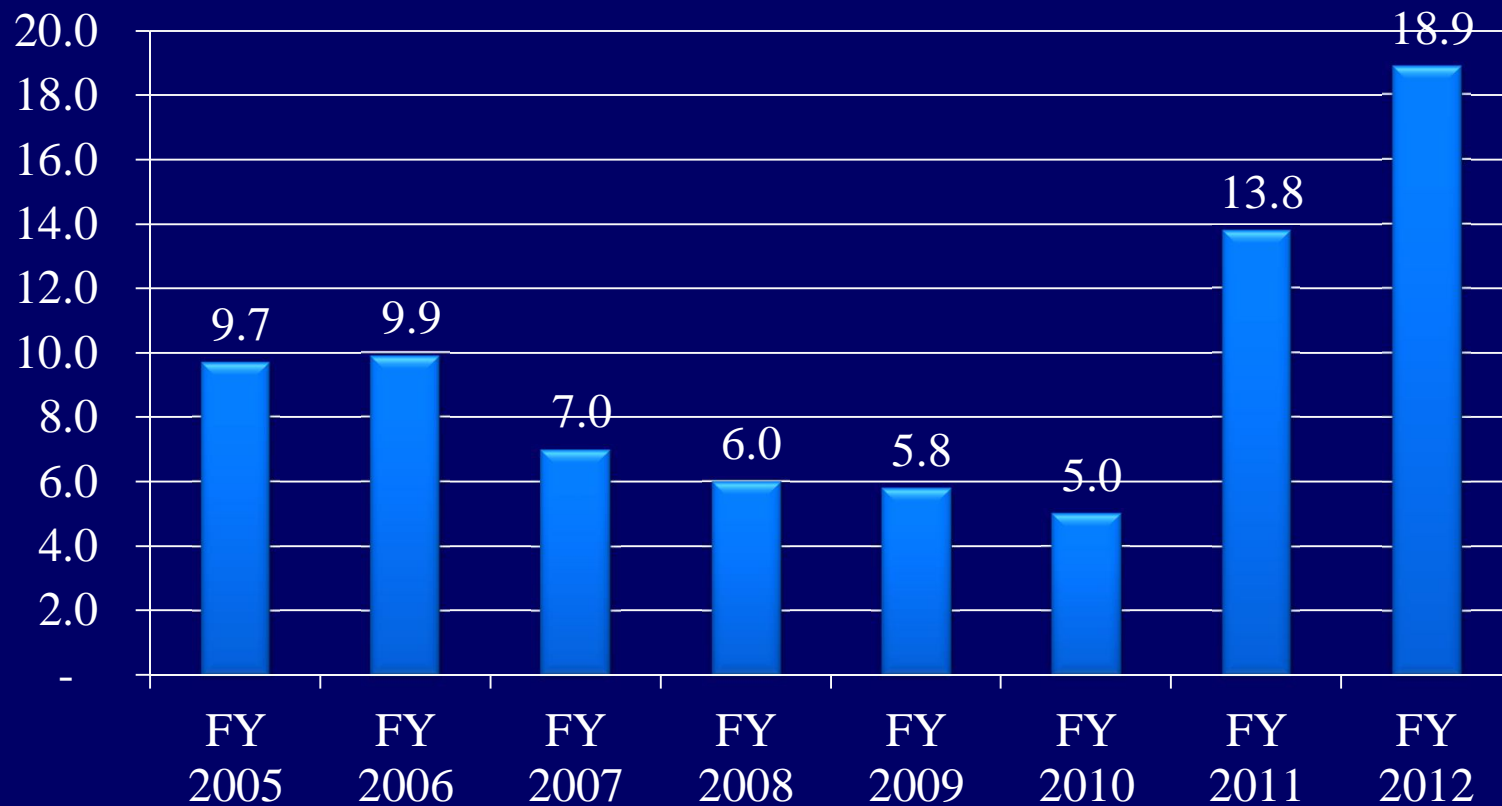
* GBA added 1.0 FTE eliminated in Governor's original recommendation

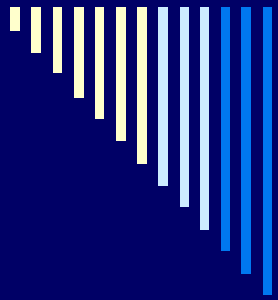
FTE History





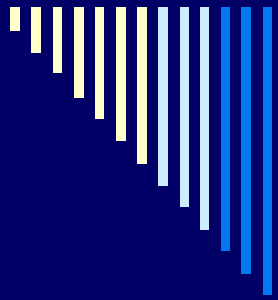
Average Number of Vacancies





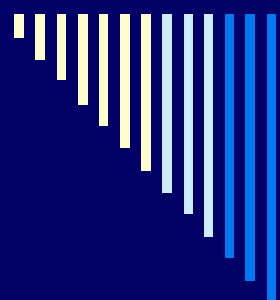
FY 2013 Governor's Recommendation

- Agencies used pre-reform retirement rates when preparing their budgets
 - Governor's budget adjusts rates to reflect new, lower costs and reduces general revenues expenses
 - Savings from other sources shifted to unidentified operating expenses
 - For DBR these total approx. \$49,000
 - Some may be available to offset state costs



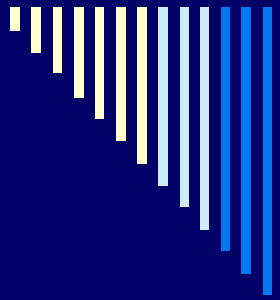
Revenues

- Department generates revenues through
 - Applications, exams, license renewals, late penalties, and miscellaneous fees

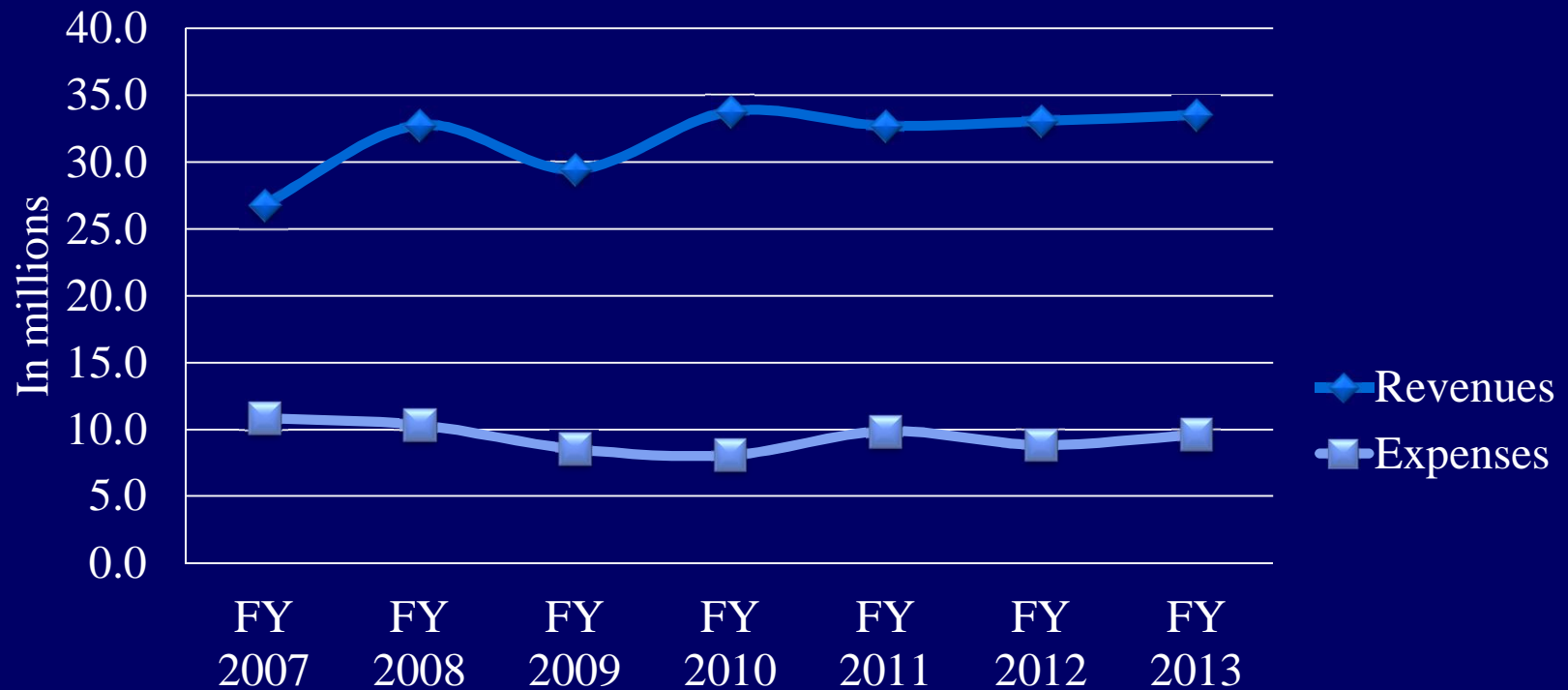


FY 2013 Revenues by Program

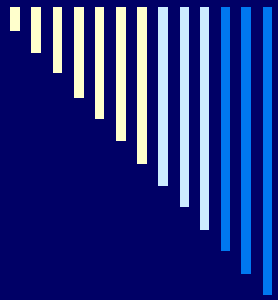
| (in millions) | FY 2012 Enacted | FY 2013 Governor | Change to Enacted |
|---------------------------------|--------------------|---------------------|----------------------|
| Central Management | \$ 0.3 | \$ 0.2 | (\$ 0.1) |
| Banking Regulation | 1.7 | 1.4 | (0.3) |
| Securities Regulation | 15.7 | 17.8 | 2.1 |
| Comm. Licensing & Racing | 1.8 | 2.4 | 0.6 |
| Insurance | 9.9 | 10.3 | 0.4 |
| Board of Accountancy | 0.2 | 0.2 | - |
| Boards for Design Professionals | 0.5 | 1.2 | 0.7 |
| Total | \$ 30.1 | \$ 33.5 | \$3.4 |



Revenues Generated vs. General Revenues Expenses



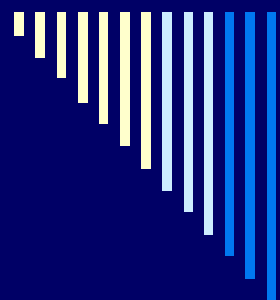
FY 2012 and FY 2013 are estimates



Personnel Changes

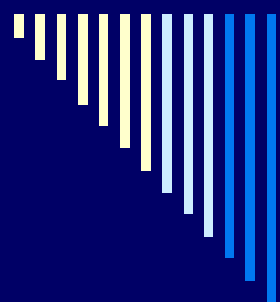
- FY 2012 Revised - \$9.6 million, \$0.6 million less than enacted
 - Turnover savings
 - Medical Benefit holiday

- FY 2013 - \$10.5 million, \$0.3 million more than enacted
 - Step increases and updated benefit rates
 - Turnover savings equivalent to 1.0 FTE for ½ the fiscal year
 - Eliminates 1.0 FTE – GBA restored 1.0 FTE



Governor Recommended Changes to the Enacted

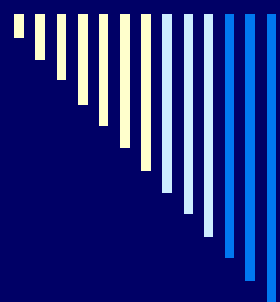
| | FY 2012 | FY 2013 |
|----------------------|------------|------------|
| Actuarial Expenses | \$ 130,812 | \$ 140,812 |
| OHIC Intern | (20,000) | (20,000) |
| Conference Room | - | 16,545 |
| Operating Reductions | (70,364) | (77,616) |



Office of Health Insurance Comm.

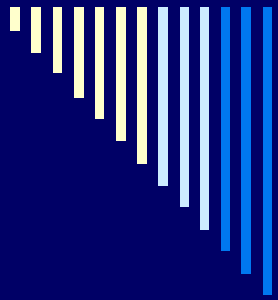
Federal Grant Awards

| (in millions) | FY 2012 Enacted | FY 2012 Revised | FY 2013 Governor | Change to Enacted |
|--------------------------------|--------------------|--------------------|---------------------|-------------------------|
| Rate Review | \$ 0.8 | \$ 1.7 | \$ 1.6 | \$ 0.8 |
| Consumer Assistance Program | 0.1 | 0.1 | - | (0.1) |
| Exchange Policy | 0.7 | 0.7 | 0.1 | (0.6) |
| Exchange Est. One | 5.1 | 4.4 | 0.8 | (4.3) |
| Exchange Est. Two | - | 2.6 | 21.3 | 21.3 |
| Total | \$ 6.8 | \$ 9.4 | \$ 23.8 | \$17.0 |



Office of Health Insurance Comm. Federal Grant Awards

- Rate Review – How health insurance premium increases are reviewed
 - \$1.7 M in FY 2012 and \$1.6 M in FY 2013 for staff, actuaries and mgmt. consultants
- Consumer Assistance Program – Establishment of, expansion of, and support for consumer assistance programs
 - \$ 0.1 M in FY 2012 for staff
- Exchange Policy - Conduct the research and planning to determine how the Exchange will be operated and governed
 - \$0.7 M in FY 2012 and \$0.1 M in FY 2013 for mgmt. consultants

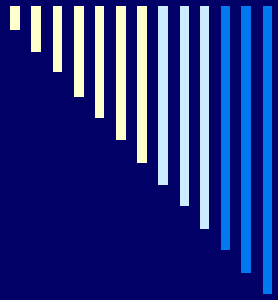


Office of Health Insurance Comm. Federal Grant Awards

- Exchange Establishment Grants - Help design and implement a state-run health insurance exchange.

- Exchange Establishment One
 - \$4.4 M in FY 2012 and \$0.8 M in FY 2013 for staffing and exchange development

- Exchange Establishment Two – Only state in country to receive
 - \$2.6 M in FY 2012 and \$21.3 M in FY 2013 for staffing, exchange development and operating expenses



Department of Business Regulation

FY 2012 Revised
FY 2013 Recommended
FY 2013 - FY 2017 Capital Budget
Staff Presentation
March 22, 2012