

FY 2012-13 SUPPLEMENTAL APPROPRIATIONS
Summary: As Amended on Second Reading
House Bill 4111 (H-1) as Amended



Director: Mary Ann Cleary
 Deputy Director: Kyle I. Jen
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Budget Area	Executive*		House		Senate	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Licensing & Reg Affairs	\$30,670,000	\$0	\$30,670,000	\$0		
TOTAL	\$30,670,000	\$0	\$30,670,000	\$0		

*Reflects State Budget Office supplemental request 2013-3

OVERVIEW

In a letter dated January 21, 2013, the State Budget Office requested FY 2012-13 supplemental appropriations totaling \$30,670,000. The supplemental appropriation would provide spending authority for a federal grant received by the state to implement a State Partnership Model for the health insurance exchanges to be established in the state under the federal Affordable Care Act. These exchanges will become effective January 1, 2014, with enrollment beginning October 1, 2013.

For additional background information on health insurance exchanges and the federal grant funding, see this HFA memorandum:

<http://www.house.mi.gov/hfa/PDFs/Health%20Insurance%20Exchanges%20Federal%20Funding%20Memo.pdf>

FY 2012-13 Appropriation Items:

LICENSING AND REGULATORY AFFAIRS

1. Health Insurance Exchange Grant

On November 15, 2012, the state applied for a Level One Exchange Establishment Grant and included a work plan detailing milestones and timelines pertaining to activities for which the State is seeking funding. Those specific activities are the administration of plan management and consumer assistance functions under the State Partnership Model, in addition to developing and implementing the IT system interface between the state's Medicaid and CHIP programs and the health insurance exchange. On January 17, 2013, the US Department of Health and Human Services awarded the State of Michigan a Grant in the amount of \$30,667,944, which is available for expenditure for up to one year, until January 17, 2014.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$30,670,000	\$30,670,000	
Federal	30,670,000	30,670,000	

FY 2012-13 Boilerplate Items:

LICENSING AND REGULATORY AFFAIRS

1. Work Project Designation

Designates any unexpended or unencumbered amounts appropriated for the health insurance exchange grant as a work project and available for expenditure in the succeeding fiscal year.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
	Included	Sec. 301	
	Not Included	Sec. 302	

2. Insurer/HMO Non-Exclusive Participation

Stipulates that insurers and HMOs shall not be required to offer or sell products exclusively through the health insurance exchange.

FY 2012-13 Boilerplate Items:

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
3. <i>Spending Report</i> Requires LARA to provide a detailed spending report relating to the federal grant funds for the health insurance exchange.	Not Included	Sec. 303	
4. <i>Insurance Agents and Michigan-Based Resources</i> Requires LARA to utilize Michigan-based resources, including insurance agents, for consumer assistance functions of the health insurance exchange and defines facilitation of enrollment by Navigators as acts that are only indirectly related to the sale, solicitation, or negotiation of health benefit plans.	Not Included	Sec. 304	
5. <i>Insurance Agents Non-Exclusivity</i> Requires LARA to ensure that licensed Michigan insurance producers can offer products offered on the exchange, subject to an official appointment from a carrier to sell on its behalf.	Not Included	Sec. 305	
6. <i>State Management of Navigator Program</i> Requires LARA to ensure that Navigators carry insurance or have other safeguards in place that are in parity with the standards for insurance agents and that LARA maintain a registry of authorized Navigators. Also requires LARA to oversee and ensure accountability from parties performing customer assistance functions.	Not Included	Sec. 306	
7. <i>Federal IT Funds</i> Requires LARA to seek federal financing to upgrade or develop IT systems and infrastructure required for effective connection to the exchange, and to increase consumer protection and assistance related to the exchange.	Not Included	Sec. 307	
8. <i>Consumer Complaints</i> Requires LARA to develop and maintain a consumer complaint process relating to Navigators and refer valid complaints to state and federal authorities.	Not Included	Sec. 308	
9. <i>Navigator Background Checks</i> Stipulates that Navigators and In-Person Assistors shall undergo criminal and regulatory screenings prior to operating in the state.	Not Included	Sec. 309	
10. <i>Individual Privacy</i> Requires LARA to ensure individuals' privacy is protected related to the health insurance exchange.	Not Included	Sec. 310	