

**FY 2009-10 SUPPLEMENTAL APPROPRIATIONS**  
**American Recovery and Reinvestment Act**  
**Summary: As Reported by the House Appropriations Committee**  
**House Bill 6085 (H-1)**



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Budget Area	Executive*		House		Senate	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Energy, Labor, Econ Growth	\$144,800,000	\$0	\$144,800,000	\$0		
<b>TOTAL</b>	<b>\$144,800,000</b>	<b>\$0</b>	<b>\$144,800,000</b>	<b>\$0</b>		

\*Reflects SBO letters dated June 16, 2010 (DELEG portion) and July 12, 2010

**OVERVIEW**

A supplemental request made by the State Budget Office (SBO) in a letter dated July 12, 2010, would provide an additional \$3.8 million in spending authority to the Department of Energy, Labor, and Economic Growth to accommodate the receipt of \$3.8 million in federal funding under the American Recovery and Reinvestment Act (ARRA) for on-the-job training (OJT) assistance for displaced workers. House Bill 6085 (H-1) contains that appropriation as recommended by SBO.

This bill represents the latest in a series of appropriations bills containing funds available under ARRA provisions. To date, a total of \$7.3 billion in ARRA funding has been appropriated in Michigan's state budget—\$5.0 billion in the FY 2008-09 budget and \$2.3 billion in the FY 2009-10 budget.

A supplemental request made by the State Budget Office (SBO) in a letter dated June 16, 2010, would provide \$141.0 million in spending authority to the Department of Energy, Labor, and Economic Growth to establish a temporary high-risk pool under the federal Patient Protection and Affordable Care Act. House Bill 6085 (H-1) contains that appropriation as recommended by SBO.

**FY 2009-10 Appropriation Items:**

**ENERGY, LABOR, AND ECONOMIC GROWTH**

**1. Workforce Training Programs Subgrantees (ARRA)**

The ARRA made \$200.0 million available in WIA National Emergency Grants (NEG) to supplement existing WIA displaced workers funds to respond to the needs of communities affected by major economic dislocations and other worker dislocation events. Of that amount, \$75.0 million was awarded to states to support on-the-job training activities of displaced workers, by making funding available to reimburse employers for up to 50% of the costs of providing training to OJT program participants. Of this amount, Michigan's share is \$3,791,794. The department, in partnership with the 25 Michigan Works! Agencies, Michigan Skills Alliances, employers, and other community-based organizations will develop OJT programs, including skills assessments, classroom training, customized employee training, and wage reimbursement. Training programs will focus on high-demand sectors, including health care, skilled trades, life sciences, homeland security, and advanced manufacturing. Funding will be allocated throughout the state based on respective need, capacity, long-term unemployment levels, poverty levels, and the population served. It is anticipated that 850 displaced workers will be supported with this funding, with the average wage reimbursement estimated to be \$3,000. (7/12/10 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
<b>Gross</b>	<b>\$3,800,000</b>	<b>\$3,800,000</b>	
Federal	3,800,000	3,800,000	

**FY 2009-10 Appropriation Items:**

**2. Office of Financial and Insurance Regulation**

The federal Patient Protection and Affordable Care Act (P.L. 111-148) requires, among other things, the establishment of a temporary high risk pool (HRP) to provide health insurance to individuals who have not had insurance (public or private) for at least six months prior to enrollment and have a pre-existing condition. The act provides that premiums are to be set at the standard rate for a standard population (i.e. not to exceed 100% of the non-group rate for insureds without a pre-existing condition). In general, benefit plans under the temporary HRP must cover at least 65% of the cost of covered health care services. Out-of-pocket expenses (deductibles, co-insurance, and co-pays, but not premiums) are limited to applicable amounts for a high-deductible health plan linked to health savings accounts (for 2010, that limit is \$5,950 for individuals and \$11,900 for families). This HRP is to remain in place until January 1, 2014, at which time to these individuals could obtain health insurance through the health benefit exchanges established under the PPACA. (The HRP should be designed so that coverage does not lapse during this transition.) The PPACA appropriates \$5.0 billion to HHS and the states to pay claims and administrative costs of the temporary HRP, in excess of the amount of premiums collected. Funding was allocated to the states by HHS based on a formula similar to that used for SCHIP, with Michigan's share totaling \$141.0 million. On June 15, 2010, DTMB issued an RFP soliciting a contractor to run the temporary HRP for the state. Responses were due July 7, 2010, with it anticipated that enrollment begin not later than September 15, 2010, and coverage begin not later than October 1, 2010. According to the RFP, deductibles would be \$1,000 and co-insurance would be 20% (limited to \$1,500), with out-of-pocket expenses (including flat co-pays) limited to \$5,950, consistent with the PPACA. Co-pays would include \$20 (primary care, urgent care, mental health, physical/occupational therapy), \$30 (specialists), \$100 (ER, \$0 if admitted), \$10 for generic drugs and \$30 for preferred, formulary drugs. Preventative services would not require any individual cost sharing. The temporary HRP would not cover dental care, vision care, nursing home coverage, chiropractic services, hearing aids, obesity-related surgeries, or cosmetic surgeries. (6/16/10 SBO letter)

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
<b>Gross</b>	<b>\$141,000,000</b>	<b>\$141,000,000</b>	
Federal	141,000,000	141,000,000	

**FY 2009-10 Boilerplate Items:**

**GENERAL**

**1. Temporary Nature of ARRA Funds**

States that ARRA funds are temporary in nature and that program funding levels and state employees supported by the funds will not be continued.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
	--	Sec. 203	

**2. Boilerplate Appropriation of Additional Funds**

Appropriates any additional ARRA funds awarded to Michigan through recalculation of formulas or under federal redistribution provisions; requires report to the Legislature. (7/12/10 SBO letter)

Included	Sec. 210
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**3. Carry-Forward Authority**

Provides for the carry-forward of unexpended ARRA funds into the succeeding fiscal year in conformance with Section 451a if the Management and Budget Act (work project provisions). (7/12/10 SBO letter)

Included	Sec. 211
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**4. Federal Requirements Incorporated by Reference**

Requires subrecipients of ARRA funds appropriated to comply with all federal requirements regarding certification, accountability, and transparency. (7/12/10 SBO letter).

Included	Sec. 212
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**ENERGY, LABOR, AND ECONOMIC GROWTH**

**5. Work Project Designation**

Designates appropriation for temporary high-risk pool as a multi-year work project. (6/16/10 SBO letter)

Included	Sec. 301
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