



Warner Norcross + Judd LLP

## MEMORANDUM

TO: MRS Board of Trustees and Shannon Sage, Executive Director  
FROM: James G. Cavanagh  
DATE: February 4, 2021

RE: **Legislative and Regulatory Update**

---

### OVERVIEW

The 101<sup>st</sup> Michigan Legislature officially convened on January 13. The new Speaker of the House is Jason Wentworth (R-Farwell). Committee assignments have been made and there are some key changes. Rep. Bronna Kahle (R-Adrian) replaces term limited Rep. Hank Vaupel as House Health Policy Committee Chair. The ranking Democrat is Rep. Angela Whitwer (D-Delta Twp.), who before being elected to the legislature was a health systems administrator. The Committee will hold its first organizational meeting this week. The leadership of the House Department of Health and Human Services (DHHS) Subcommittee on Appropriations will remain the same, with Rep. Mary Whiteford (R-South Haven) the Chair and Rep. Abdullah Hammoud as the ranking Democrat.

On the Senate side, the DHHS Subcommittee has undergone some changes. With the election of Chair Sen. Peter MacGregor as Treasurer of Kent County, Sen. Rick Outman (R-Six Lakes) was the surprise choice by the Senate Majority Leader to take over the post. His Republican Vice-Chair for this all-important Committee will be John Bizon, M.D., from Battle Creek. On the Democratic side, Sen. Winnie Brinks from Grand Rapids replaces Sen. Curtis Hertel (East Lansing). Hertel resigned from the Subcommittee in order to avoid any conflict of interest due to his wife being appointed the Director of the Department. On that note, DHHS Director Robert Gordon abruptly resigned on January 22, with no reason given. It had been speculated that Gordon was headed to a post within President Biden's Administration. Almost immediately upon Gordon's resignation, the Governor appointed Elizabeth Hertel, the Chief Deputy.

Relations between the Republican controlled legislature and the Democratic Governor are at a new low. Much of the conflict revolves around the Whitmer Administration's response to the COVID pandemic. Republicans view that response as arbitrary and extreme, causing a huge hardship, especially on small business. The relationship has gotten so bad that the Republican Senate has been off-hand rejecting gubernatorial appointments. In her State of the State Address, the Governor invited the Legislature to work with her. How this turns out remains to be seen.

On January 15, the Budget Revenue Estimating Conference met and surprisingly forecast a significant surplus of \$2.2 billion in the General Fund. This forecast is a complete reversal of the \$3 billion deficit predicted in May, and somewhat less than the \$1 billion in August. This forecast is used to develop target figures for the upcoming FY 2021-2022 budget, which begins October 1.

The Governor recently proposed a \$5.6 billion COVID Relief Plan. \$500 million would be State funds with the balance coming from the federal Government. Republican leaders are skeptical of the size of the proposal and its priorities.

## LEGISLATION

Prior Authorization:

Look for a reintroduction of last session's SB 612, a bill to establish protocols and procedures for the establishment of prior authorization steps. The "Health Can't Wait" coalition will hold its initial meeting later this month, and I will attend to represent MRS.

Drug Pricing Transparency:

Late last year, the Governor's Task Force on drug pricing, created by Executive Order, met for the last time. Last week, the Task Force issued its report with recommendations for legislation. Among the recommendations were requirements placed on drug manufacturers to issue reports on how much is spent bringing a drug to market, including advertising costs. Another proposal will require registration of pharmacy benefit managers and their regulation by the Department of Insurance and Financial Services.

## OTHER

Virtual Capitol Hill Day:

This year, like last, the ACR Capitol Hill Day is scheduled for May 19. We will be working with the ACR Government Affairs Team to coordinate activities and schedule appointments with lawmakers and staff.

Certificate of Need Commission – MRI Standards:

The Department recommended that Magnetic Resonance Imaging (MRI) services should continue to be regulated by the Commission. Toward that end, DHHS submitted its recommendations for CON standards scheduled for 2021 review. Please contact me if you would care to have a copy of those recommendations.

Positron Emission Tomography:

Review of Positron Emission Standards will be conducted in 2021. The initial work group meeting is scheduled for February 25.

JGC/ell

13679522