



Students for Patient Advocacy Nationwide

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Written Proposal: HB 4038 – Designated Funding for Health Data Utility - Oppose

We are writing to respectfully express our opposition to HB 4038, which would amend the Insurance Provider Assessment Act to allocate designated annual funding from the insurance provider assessment fund toward the operation of Michigan's Health Data Utility, as created under HB 4037.

We appreciate the intention behind this bill to support health data infrastructure and improve care coordination. However, we have significant concerns regarding the source, scale, and structure of the funding mechanism outlined in this proposal.

HB 4038 would redirect a portion of the Insurance Provider Assessment Fund, currently used to cover actuarially sound Medicaid capitation rates, toward a newly established Health Data Utility. While investing in statewide data infrastructure may offer long-term benefits, diverting funds from the insurance pool risks reducing the resources insurers need to support coverage and claims, particularly at a time when affordability and access remain major challenges across Michigan's healthcare landscape.

Additionally, while the bill lays out annual funding allocations beginning at \$6 million and rising to \$8 million by FY 2027, there is little explanation or reassurance that this amount is sufficient to support the full scope of operations envisioned under HB 4037. These include contracting an HIE, implementing advanced security protocols, managing consent systems, and overseeing statewide data infrastructure: all of which are significant undertakings that may require far greater investment than outlined. Without a comprehensive fiscal analysis or sustainability plan, we are concerned that the state may overcommit without sufficient resources or recourse.

We are also concerned about the use of the Consumer Price Index (CPI) specific to the Detroit area to determine future funding adjustments. While Detroit is a major population center, this metric does not accurately reflect inflationary impacts across rural or less densely populated regions of Michigan. Indexing to a single metropolitan area risks skewing future adjustments and potentially underfunding or overfunding the utility relative to actual statewide need.

From a policy perspective, HB 4038 raises valid questions about the proper role of government in directing private-sector funds. The proposal would require insurance companies to subsidize a state-run utility: raising concerns about overreach, reduced autonomy, and possible downstream impacts on coverage decisions, premiums, or market dynamics. While proponents may argue that the Health Data Utility enhances the broader market, it is still unclear how this system will interface with private providers and what safeguards will be in place to prevent mission drift or scope expansion over time.

To be clear, we support the thoughtful use of health data and infrastructure to improve care delivery. However, we believe that HB 4038 moves prematurely to dedicate a significant and ongoing funding stream without sufficient transparency, cost analysis, or clarity on how the system will evolve, perform, and remain accountable.

For these reasons, we urge the committee to oppose HB 4038 in its current form and consider alternative approaches that ensure both sustainable funding and responsible stewardship of insurance provider resources.

Thank you for your attention and continued leadership on behalf of Michigan's healthcare system.

Sincerely,



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