

**Michigan Department of Licensing and Regulatory Affairs written testimony on HB 4387 to the House  
Regulatory Reform Committee**

Requiring the Department of Licensing and Regulatory Affairs to recognize the postmark as the date of receipt puts agencies at an extreme disadvantage attempting to meet statutorily established deadlines for responses. This will likely cause violations of the statute and an increased cost to our customers and businesses in the State via upfront costs and any incurred financial penalties. The department has many instances when a statute establishes time limits as short as 10 days to review documents, issue, or deny a license or take some other action related to a license.

Specifically, this bill creates logistic, statutory, and financial concerns for the Workers' Compensation Agency and its divisions. The logistical and statutory concerns relate to the proper processing of mail based on what would be varied received dates. However, of greater concern is that this proposal creates scenarios that will have a negative financial impact on business, insurance carriers, and the general fund via financial penalties for response times over the statutory limit.

While the Workers' Compensation Agency (WCA) is the primary regulator of the workers' compensation industry; we also have certain statutorily created trust funds that pay workers' compensation claims directly. They are the Self-Insurers' Security Fund (SISF), the Second Injury Fund/Vocationally Handicapped Provision (SIF/VHP), and the First Responder Presumed Coverage Fund (FRPCF). The SISF and SIF/VHP receive their funding through assessments on insurance carriers and self-insured employers; the FRPCF is funded by the general fund. As with any other payor, these funds are statutorily required to comply with all facets of the Workers' Disability Compensation Act (WDCA). This includes the timely payment of medical bills. Pursuant to MCL 418.801(3) and MCR 418.101001(6) & MCR 418.101016(3) penalties are imposed for the late payment of medical bills; timeliness is measured from the date the medical bill or notice of non-payment is received by the responsible party.

HB 4387 establishes the *received* date as the USPS postmark. This creates an inherent delay in the time that the Fund will have to timely process medical bills for payment. Any statutorily incurred penalty will be passed on to either insurance companies, self-insured employers or to the general fund; thus increasing costs on Michigan businesses and taxpayers.

LARA currently uses the postmark as the date of receipt in Tax Tribunal Appeals. There are a significant number of cases (approximately 5% out of thousands of cases) where the postmark is illegible creating confusion as to what date should be used.

HB 4387 also creates substantial process challenges and costs for the Michigan Administrative Hearings System (MAHS). Several Administrative Rules would need to be updated to accommodate the

legislation as a majority of the areas with MAHS utilize the date of receipt as opposed to the postmark date as the noteworthy date of appeal. There are also many hearings forms that generate appeals housed in DHHS that speak to “date of receipt” as the relevant date that would also have to be re-printed and updated.

Under the Combat Regulatory Act at least 10 days before an event, a promoter shall submit any contract subject to regulation and enforcement by the department. MCL 338.3633(7). The legislation applied to the regulation of unarmed combat may not permit staff to review contracts and other documents in advance of a contest due to the potential loss of days before the event is scheduled. There would be potential harm to contestants that were not medically cleared, or potential financial loss for those involved with events that would have to be cancelled.

In summation, the Department of Licensing and Regulatory Affairs through its numerous bureaus, offices, and commissions issues hundreds of thousands of licenses and license renewals each year. The requirement for the department to use the postmark as the date of receipt (except and provided by law) as provided for in HB 4387 will prove problematic. The department has no control over the amount of time the postal service can take to deliver mail, and using the post mark date as the received date could lead to situations where it will be impossible to meet statutory obligations. Additionally, several software updates would be required for multiple programs in the department providing an upfront cost for this legislation.