

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 987

A bill to amend 2011 PA 142, entitled  
"Health insurance claims assessment act,"  
by amending section 3 (MCL 550.1733), as amended by 2016 PA 50; and  
to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. (1) For dates of service beginning on or after January  
2   1, 2012 and ending on June 30, 2014, subject to subsections (2),  
3   (3), and (4), there is levied upon and there shall be collected  
4   from every carrier and third party administrator an assessment of  
5   1% on that carrier's or third party administrator's paid claims.  
6   For dates of service beginning on or after July 1, 2014 and ending  
7   on ~~July 1, 2020,~~ **DECEMBER 31, 2016**, subject to this subsection and  
8   subsections (2), (3), and (4), there is levied upon and there shall  
9   be collected from every carrier and third party administrator an

1 assessment of 0.75% on that carrier's or third party  
 2 administrator's paid claims. For dates of service beginning on or  
 3 after ~~July 1, 2014 and ending on July 1, 2020,~~ **JANUARY 1, 2017 AND**  
 4 **ENDING ON DECEMBER 31, 2018,** subject to this subsection and  
 5 subsections (2), (3), and (4), the assessment levied under this  
 6 subsection ~~will increase to 1.0%~~ **IS REDUCED TO 0.0%. HOWEVER,** if  
 7 the federal government ~~informs~~ **PROVIDES A WRITTEN NOTIFICATION AND**  
 8 **EXPLANATION TO** this state that the use tax revenues assessed on  
 9 entities under section 3f of the use tax act, 1937 PA 94, MCL  
 10 205.93f, ~~will not be federally reimbursed. If the assessment is~~  
 11 ~~increased as provided in this subsection, the increased assessment~~  
 12 ~~levied is effective on the date that the federal government informs~~  
 13 ~~this state that the revenue collected from the use tax assessed on~~  
 14 ~~Medicaid managed care organizations under section 3f of the use tax~~  
 15 ~~act, 1937 PA 94, MCL 205.93f, will not be federally reimbursed.~~ **ARE**  
 16 **NOT PERMISSIBLE AND AS A RESULT FEDERAL MEDICAID FUNDING WILL BE**  
 17 **REDUCED BEGINNING ON A DATE CERTAIN AFTER ALL WAIVERS HAVE BEEN**  
 18 **DENIED AND THE STATE HAS EXHAUSTED ALL APPEALS, THEN BEGINNING ON**  
 19 **THAT DATE CERTAIN OR WHEN FEDERAL REIMBURSEMENT IS ACTUALLY**  
 20 **REDUCED, WHICHEVER OCCURS FIRST, THERE IS LEVIED UPON AND SHALL BE**  
 21 **COLLECTED FROM EVERY CARRIER AND THIRD PARTY ADMINISTRATOR AN**  
 22 **ASSESSMENT OF 1.0% ON THAT CARRIER'S OR THIRD PARTY ADMINISTRATOR'S**  
 23 **PAID CLAIMS.** For the purposes of this subsection, a fiscal quarter  
 24 begins on the first day of January, April, July, or October.

25 (2) A carrier with a suspension or exemption under section  
 26 3717 of the insurance code of 1956, 1956 PA 218, MCL 500.3717, on  
 27 September 20, 2011 is subject to an assessment of 0.1%.

1           (3) All of the following apply to a group health plan that  
2 uses the services of a third party administrator or excess loss or  
3 stop loss insurer:

4           (a) A group health plan sponsor is not responsible for an  
5 assessment under this section for a paid claim if the assessment on  
6 that claim has been paid by a third party administrator or excess  
7 loss or stop loss insurer, except as otherwise provided in section  
8 3a(2).

9           (b) Except as otherwise provided in subdivision (d), the third  
10 party administrator is responsible for all assessments on paid  
11 claims paid by the third party administrator.

12           (c) Except as otherwise provided in subdivision (d), the  
13 excess loss or stop loss insurer is responsible for all assessments  
14 on paid claims paid by the excess loss or stop loss insurer.

15           (d) If there is both a third party administrator and an excess  
16 loss or stop loss insurer servicing the group health plan, the  
17 third party administrator is responsible for all assessments for  
18 paid claims that are not reimbursed by the excess loss or stop loss  
19 insurer and the excess loss or stop loss insurer is responsible for  
20 all assessments for paid claims that are reimbursable to the excess  
21 loss or stop loss insurer.

22           (4) The assessment under this section shall not exceed  
23 \$10,000.00 per insured individual or covered life annually.

24           (5) To the extent an assessment paid under this section for  
25 paid claims for a group health plan or individual subscriber is  
26 inaccurate due to subsequent claim adjustments or recoveries,  
27 subsequent filings shall be adjusted to accurately reflect the

1 correct assessment based on actual claims paid.

2 (6) Through June 30, 2014, if the assessment under this  
3 section collects revenue in an amount greater than \$400,000,000.00,  
4 adjusted annually by the medical inflation rate since 2011, each  
5 carrier and third party administrator that paid the assessment  
6 shall receive a proportional credit against the carrier's or third  
7 party administrator's assessment in the immediately succeeding  
8 year. Beginning July 1, 2014, if the sum of the assessment under  
9 this section and the portion of the use tax assessed on entities  
10 under section 3f of the use tax act, 1937 PA 94, MCL 205.93f, that  
11 is dedicated to the general fund, less the general fund amount  
12 necessary to reimburse those entities for the cost of the use tax,  
13 is greater than \$400,000,000.00, as adjusted annually by the  
14 medical inflation rate since 2011 but not to exceed an amount  
15 greater than \$450,000,000.00, each carrier and third party  
16 administrator that paid the assessment shall receive a proportional  
17 credit against the carrier's or third party administrator's  
18 assessment in the immediately succeeding year. The department shall  
19 send a notice of credit to each carrier or third party  
20 administrator entitled to a credit under this subsection not later  
21 than July 1. A carrier or third party administrator entitled to a  
22 credit under this subsection shall apply that credit to the July 30  
23 payment. Any unused credit shall be carried forward and applied to  
24 subsequent payments. If a carrier or third party administrator  
25 entitled to a credit under this subsection has no liability under  
26 this act in the immediately succeeding year or if this act is no  
27 longer in effect, the department shall issue that carrier or third

1 party administrator a refund in the amount of any unused credit. If  
2 a third party administrator receives a credit or refund under this  
3 subsection, the third party administrator shall apply that credit  
4 or refund to the benefit of the entity for which it processed the  
5 claims under a service contract.

6 Enacting section 1. The health insurance claims assessment  
7 act, 2011 PA 142, MCL 550.1731 to 550.1741, is repealed effective  
8 January 1, 2019.

9 Enacting section 2. This amendatory act does not take effect  
10 unless all of the following bills of the 98th Legislature are  
11 enacted into law:

12 (a) Senate Bill No. 988.

13 (b) Senate Bill No. 989.

14 (c) Senate Bill No. 990.