

# SENATE BILL No. 987

May 24, 2016, Introduced by Senators HORN, MACGREGOR, SHIRKEY, PROOS and STAMAS and referred to the Committee on Michigan Competitiveness.

A bill to amend 2011 PA 142, entitled "Health insurance claims assessment act," by amending section 3 (MCL 550.1733), as amended by 2014 PA 162.

**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 December 31, ~~2017,~~ **2018**, 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  
10 assessment of 0.75% on that carrier's or third party  
11 administrator's paid claims. For dates of service beginning on or

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1 after July 1, 2014 and ending on December 31, ~~2017~~, **2018**, subject  
2 to this subsection and subsections (2), (3), and (4), the  
3 assessment levied under this subsection will increase to 1.0% if  
4 the federal government informs this state that the use tax revenues  
5 assessed on entities under section 3f of the use tax act, 1937 PA  
6 94, MCL 205.93f, will not be federally reimbursed **AS FINALLY**  
7 **DETERMINED AFTER ALL WAIVERS HAVE BEEN DENIED AND ALL APPEALS HAVE**  
8 **BEEN EXHAUSTED**. If the assessment is increased as provided in this  
9 subsection, the increased assessment levied is effective on the  
10 date that the federal government informs this state that the  
11 revenue collected from the use tax assessed on ~~medicaid~~ **MEDICAID**  
12 managed care organizations under section 3f of the use tax act,  
13 1937 PA 94, MCL 205.93f, will not be federally reimbursed. **FOR**  
14 **DATES OF SERVICE ON OR AFTER JANUARY 1, 2017 THROUGH DECEMBER 31,**  
15 **2018, IF THE ASSESSMENT IS NOT INCREASED AS PROVIDED IN THIS**  
16 **SUBSECTION, THEN THE ASSESSMENT LEVIED UNDER THIS SUBSECTION SHALL**  
17 **BE REDUCED TO 0.0%**. For the purposes of this subsection, a fiscal  
18 quarter begins on the first day of January, April, July, or  
19 October.

20 (2) A carrier with a suspension or exemption under section  
21 3717 of the insurance code of 1956, 1956 PA 218, MCL 500.3717, on  
22 September 20, 2011 is subject to an assessment of 0.1%.

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

26 (a) A group health plan sponsor is not responsible for an  
27 assessment under this section for a paid claim if the assessment on

1 that claim has been paid by a third party administrator or excess  
2 loss or stop loss insurer, except as otherwise provided in section  
3 3a(2).

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

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

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

17 (4) The assessment under this section shall not exceed  
18 \$10,000.00 per insured individual or covered life annually.

19 (5) To the extent an assessment paid under this section for  
20 paid claims for a group health plan or individual subscriber is  
21 inaccurate due to subsequent claim adjustments or recoveries,  
22 subsequent filings shall be adjusted to accurately reflect the  
23 correct assessment based on actual claims paid.

24 (6) Through June 30, 2014, if the assessment under this  
25 section collects revenue in an amount greater than \$400,000,000.00,  
26 adjusted annually by the medical inflation rate since 2011, each  
27 carrier and third party administrator that paid the assessment

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

1           Enacting section 1. This amendatory act does not take effect  
2 unless all of the following bills of the 98th Legislature are  
3 enacted into law:

4           (a) Senate Bill No. 988.

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6           (b) Senate Bill No. 989.

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8           (c) Senate Bill No. 990.

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