

**STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016**

Introduced by Senators Horn, MacGregor, Shirkey, Proos and Stamas

ENROLLED SENATE BILL No. 987

AN ACT to amend 2011 PA 142, entitled "An act to impose an assessment on certain health care claims; to impose certain duties and obligations on certain insurance or health coverage providers; to impose certain duties on certain state departments, agencies, and officials; to create certain funds; to authorize certain expenditures; to impose certain remedies and penalties; to provide for an appropriation; and to repeal acts and parts of acts," 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:

Sec. 3. (1) For dates of service beginning on or after January 1, 2012 and ending on June 30, 2014, subject to subsections (2), (3), and (4), there is levied upon and there shall be collected from every carrier and third party administrator an assessment of 1% on that carrier's or third party administrator's paid claims. For dates of service beginning on or after July 1, 2014 and ending on December 31, 2016, subject to this subsection and subsections (2), (3), and (4), there is levied upon and there shall be collected from every carrier and third party administrator an assessment of 0.75% on that carrier's or third party administrator's paid claims. For dates of service beginning on or after January 1, 2017 and ending on December 31, 2018, subject to this subsection and subsections (2), (3), and (4), the assessment levied under this subsection is reduced to 0.0%. However, if the federal government provides a written notification and explanation to this state that the use tax revenues assessed on entities under section 3f of the use tax act, 1937 PA 94, MCL 205.93f, are not permissible and as a result federal Medicaid funding will be reduced beginning on a date certain after all waivers have been denied and the state has exhausted all appeals, then beginning on that date certain or when federal reimbursement is actually reduced, whichever occurs first, there is levied upon and shall be collected from every carrier and third party administrator an assessment of 1.0% on that carrier's or third party administrator's paid claims. For the purposes of this subsection, a fiscal quarter begins on the first day of January, April, July, or October.

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

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

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

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

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

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

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

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

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

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

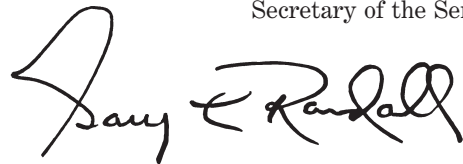
Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:

- (a) Senate Bill No. 988.
- (b) Senate Bill No. 989.
- (c) Senate Bill No. 990.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor