

SENATE BILL No. 29

January 18, 2017, Introduced by Senators HORN, STAMAS, MACGREGOR, SHIRKEY
and PROOS and referred to the Committee on Health Policy.

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~~, **MAY 31, 2017**, 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

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

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

27 (3) All of the following apply to a group health plan that

1 uses the services of a third party administrator or excess loss or
2 stop loss insurer:

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

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

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

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

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

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

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

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

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

8 Enacting section 2. This amendatory act does not take effect
9 unless all of the following bills of the 99th Legislature are
10 enacted into law:

11 (a) Senate Bill No. 30.

12
13 (b) Senate Bill No. 31.

14
15 (c) Senate Bill No. 32.