

SUBSTITUTE FOR
SENATE BILL NO. 913

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

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, SUBJECT TO THIS SUBSECTION AND SUBSECTIONS**
8 **(2), (3), AND (4), THERE IS LEVIED UPON AND THERE SHALL BE**
9 **COLLECTED FROM EVERY CARRIER AND THIRD PARTY ADMINISTRATOR AN**

Senate Bill No. 913 as amended May 8, 2014

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 DECEMBER 31, 2017, SUBJECT TO THIS
 4 SUBSECTION AND SUBSECTIONS (2), (3), AND (4), THE ASSESSMENT LEVIED
 5 UNDER THIS SUBSECTION WILL INCREASE TO 1.0% IF THE FEDERAL
 6 GOVERNMENT INFORMS THIS STATE THAT THE USE TAX REVENUES ASSESSED ON
 7 ENTITIES UNDER SECTION 3F OF THE USE TAX ACT, 1937 PA 94, MCL
 8 205.93F, WILL NOT BE FEDERALLY REIMBURSED. IF THE ASSESSMENT IS
 9 INCREASED AS PROVIDED IN THIS SUBSECTION, THE INCREASED ASSESSMENT
 10 LEVIED IS <<EFFECTIVE ON THE DATE THAT
 11 >> THE FEDERAL GOVERNMENT INFORMS THIS
 12 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. FOR
 15 THE PURPOSES OF THIS SUBSECTION, A FISCAL QUARTER BEGINS ON THE
 16 FIRST DAY OF JANUARY, APRIL, JULY, OR OCTOBER.

17 (2) A carrier with a suspension or exemption under section
 18 3717 of the insurance code of 1956, 1956 PA 218, MCL 500.3717, on
 19 ~~the effective date of this act~~ **SEPTEMBER 20, 2011** is subject to an
 20 assessment of 0.1%.

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

24 (a) A group health plan sponsor ~~shall~~ **IS** not be responsible
 25 for an assessment under this ~~subsection~~ **SECTION** for a paid claim
 26 ~~where~~ **IF** the assessment on that claim has been paid by a third
 27 party administrator or excess loss or stop loss insurer, except as

1 otherwise provided in section 3a(2).

2 (b) Except as otherwise provided in subdivision (d), the third
3 party administrator ~~shall be~~ **IS** responsible for all assessments on
4 paid claims paid by the third party administrator.

5 (c) Except as otherwise provided in subdivision (d), the
6 excess loss or stop loss insurer ~~shall be~~ **IS** responsible for all
7 assessments on paid claims paid by the excess loss or stop loss
8 insurer.

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

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

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

23 (6) ~~If~~ **THROUGH JUNE 30, 2014, IF** the assessment under this
24 section collects revenue in an amount greater than \$400,000,000.00,
25 adjusted annually by the medical inflation rate **SINCE 2011**, each
26 carrier and third party administrator that paid the assessment
27 shall receive a proportional credit against the carrier's or third

1 party administrator's assessment in the immediately succeeding
2 year. BEGINNING JULY 1, 2014, IF THE SUM OF THE ASSESSMENT UNDER
3 THIS SECTION AND THE PORTION OF THE USE TAX ASSESSED ON ENTITIES
4 UNDER SECTION 3F OF THE USE TAX ACT, 1937 PA 94, MCL 205.93F, THAT
5 IS DEDICATED TO THE GENERAL FUND, LESS THE GENERAL FUND AMOUNT
6 NECESSARY TO REIMBURSE THOSE ENTITIES FOR THE COST OF THE USE TAX,
7 IS GREATER THAN \$400,000,000.00, AS ADJUSTED ANNUALLY BY THE
8 MEDICAL INFLATION RATE SINCE 2011 BUT NOT TO EXCEED AN AMOUNT
9 GREATER THAN \$450,000,000.00, EACH CARRIER AND THIRD PARTY
10 ADMINISTRATOR THAT PAID THE ASSESSMENT SHALL RECEIVE A PROPORTIONAL
11 CREDIT AGAINST THE CARRIER'S OR THIRD PARTY ADMINISTRATOR'S
12 ASSESSMENT IN THE IMMEDIATELY SUCCEEDING YEAR. The department shall
13 send a notice of credit to each carrier or third party
14 administrator entitled to a credit under this subsection not later
15 than July 1. A carrier or third party administrator entitled to a
16 credit under this subsection shall apply that credit to the July 30
17 payment. Any unused credit shall be carried forward and applied to
18 subsequent payments. If a carrier or third party administrator
19 entitled to a credit under this subsection has no liability under
20 this act in the immediately succeeding year or if this act is no
21 longer in effect, the department shall issue that carrier or third
22 party administrator a refund in the amount of any unused credit. If
23 a third party administrator receives a credit or refund under this
24 subsection, the third party administrator shall apply that credit
25 or refund to the benefit of the entity for which it processed the
26 claims under a service contract.

27 Enacting section 1. This amendatory act does not take effect

1 unless Senate Bill No. 893 of the 97th Legislature is enacted into
2 law.