

Act No. 50
Public Acts of 2016
Approved by the Governor
March 15, 2016
Filed with the Secretary of State
March 15, 2016

EFFECTIVE DATE: 91st day after final adjournment of 2016 Regular Session

STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016

Introduced by Rep. Pscholka

ENROLLED HOUSE BILL No. 5105

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 sections 3 and 7 (MCL 550.1733 and 550.1737), section 3 as amended by 2014 PA 162; 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 July 1, 2020, 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 July 1, 2014 and ending on July 1, 2020, subject to this subsection and subsections (2), (3), and (4), the assessment levied under this subsection will increase to 1.0% if the federal government informs this state that the use tax revenues assessed on entities under section 3f of the use tax act, 1937 PA 94, MCL 205.93f, will not be federally reimbursed. If the assessment is increased as provided in this subsection, the increased assessment levied is effective on the date that the federal government informs this state that the revenue collected from the use tax assessed on Medicaid managed care organizations under section 3f of the use tax act, 1937 PA 94, MCL 205.93f, will not be federally reimbursed. 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.

Sec. 7. (1) All money received and collected under this act shall be deposited by the department in the health insurance claims assessment fund established in this section.

(2) The health insurance claims assessment fund is created within the department.

(3) The state treasurer may receive money or other assets from any of the following sources for deposit into the fund:

(a) Money received by the department under this act.

(b) Interest and earnings from fund investments. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(c) Donations of money made to the fund from any source.

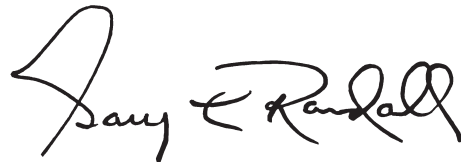
(4) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund.

(5) Except as otherwise provided in this act, the department shall transfer money from the fund, upon appropriation in the respective departments, only for the following:

(a) To finance the expenditures of Medicaid managed care organizations that include Medicaid contracted health plans and specialty prepaid health plans.

(b) To pay any credits or refunds due under section 3(6).

Enacting section 1. Enacting section 2 of 2011 PA 142, as amended by 2013 PA 58, is repealed.



Clerk of the House of Representatives



Secretary of the Senate

Approved

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Governor