

SENATE BILL No. 992

May 10, 2018, Introduced by Senators HORN, STAMAS, MACGREGOR, SHIRKEY,
PROOS and SCHMIDT 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 2016 PA 50, and
by adding section 1a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 1A. THIS ACT IS REPEALED ON THE FIRST DAY OF THE CALENDAR
2 QUARTER IN WHICH THE DIRECTOR OF THE DEPARTMENT OF HEALTH AND HUMAN
3 SERVICES NOTIFIES THE SECRETARY OF STATE IN WRITING THAT THE
4 FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES HAS APPROVED ITS
5 REQUEST FOR A WAIVER OF THE BROAD-BASED AND UNIFORMITY PROVISIONS
6 OF SECTION 1903(W) (3) (B) AND (C) OF TITLE XIX OF THE SOCIAL
7 SECURITY ACT, 42 USC 1396B, FOR IMPLEMENTATION OF THE INSURANCE
8 PROVIDER ASSESSMENT ACT OR OCTOBER 1, 2018, WHICHEVER IS LATER.

9 Sec. 3. (1) For dates of service beginning on or after January

1 1, 2012 and ending on June 30, 2014, subject to subsections (2),
2 (3), and (4), there is levied upon and there shall be collected
3 from every carrier and third party administrator an assessment of
4 1% on that carrier's or third party administrator's paid claims.
5 For dates of service beginning on or after July 1, 2014 and ending
6 on ~~July 1, 2020,~~ **THE FIRST DAY OF THE CALENDAR QUARTER IN WHICH THE**
7 **DIRECTOR OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES NOTIFIES**
8 **THE SECRETARY OF STATE IN WRITING THAT THE FEDERAL CENTERS FOR**
9 **MEDICARE AND MEDICAID SERVICES HAS APPROVED ITS REQUEST FOR A**
10 **WAIVER OF THE BROAD-BASED AND UNIFORMITY PROVISIONS OF SECTION**
11 **1903(W)(3)(B) AND (C) OF TITLE XIX OF THE SOCIAL SECURITY ACT, 42**
12 **USC 1396B, FOR THE INSURANCE PROVIDER ASSESSMENT ACT OR OCTOBER 1,**
13 **2018, WHICHEVER IS LATER,** subject to ~~this subsection and~~
14 subsections (2), (3), and (4), there is levied upon and there shall
15 be collected from every carrier and third party administrator an
16 assessment of 0.75% on that carrier's or third party
17 administrator's paid claims. ~~For dates of service beginning on or~~
18 ~~after July 1, 2014 and ending on July 1, 2020, subject to this~~
19 ~~subsection and subsections (2), (3), and (4), the assessment levied~~
20 ~~under this subsection will increase to 1.0% if the federal~~
21 ~~government informs this state that the use tax revenues assessed on~~
22 ~~entities under section 3f of the use tax act, 1937 PA 94, MCL~~
23 ~~205.93f, will not be federally reimbursed. If the assessment is~~
24 ~~increased as provided in this subsection, the increased assessment~~
25 ~~levied is effective on the date that the federal government informs~~
26 ~~this state that the revenue collected from the use tax assessed on~~
27 ~~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.

1 (4) The assessment under this section shall not exceed
2 \$10,000.00 per insured individual or covered life annually.

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

8 (6) Through June 30, 2014, if the assessment under this
9 section collects revenue in an amount greater than \$400,000,000.00,
10 adjusted annually by the medical inflation rate since 2011, each
11 carrier and third party administrator that paid the assessment
12 shall receive a proportional credit against the carrier's or third
13 party administrator's assessment in the immediately succeeding
14 year. Beginning July 1, 2014, if the sum of the assessment under
15 this section and the portion of the use tax assessed on entities
16 under section 3f of the use tax act, 1937 PA 94, MCL 205.93f, that
17 is dedicated to the general fund, less the general fund amount
18 necessary to reimburse those entities for the cost of the use tax,
19 is greater than \$400,000,000.00, as adjusted annually by the
20 medical inflation rate since 2011 but not to exceed an amount
21 greater than \$450,000,000.00, each carrier and third party
22 administrator that paid the assessment shall receive a proportional
23 credit against the carrier's or third party administrator's
24 assessment in the immediately succeeding year. The department shall
25 send a notice of credit to each carrier or third party
26 administrator entitled to a credit under this subsection not later
27 than July 1. A carrier or third party administrator entitled to a

1 credit under this subsection shall apply that credit to the July 30
2 payment. Any unused credit shall be carried forward and applied to
3 subsequent payments. If a carrier or third party administrator
4 entitled to a credit under this subsection has no liability under
5 this act in the immediately succeeding year or if this act is no
6 longer in effect, the department shall issue that carrier or third
7 party administrator a refund in the amount of any unused credit. If
8 a third party administrator receives a credit or refund under this
9 subsection, the third party administrator shall apply that credit
10 or refund to the benefit of the entity for which it processed the
11 claims under a service contract.

12 Enacting section 1. This amendatory act does not take effect
13 unless Senate Bill No. 994

14 of the 99th Legislature is enacted into law.