

# Legislative Analysis



## CODIFYING MEDICAL LOSS RATIO REBATES

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5825 as introduced**

**Sponsor: Rep. Julie Rogers**

**Committee: Insurance and Financial Services**

**Complete to 11-13-24**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5825 would amend the Insurance Code to require insurers that deliver, issue for delivery, or renew health insurance policies in Michigan to issue rebates to those it insures if the insurer does not meet the medical loss ratio as required by the federal Patient Protection and Affordable Care Act (ACA).

Proposed MCL 500.3406jj

### BACKGROUND:

The ACA requires insurers to spend at least 80% or 85% of premium dollars on medical care quality improvement (known as the medical loss ratio), as opposed to administrative costs, overhead, profits, or other nonmedical items. If an insurer fails to meet this standard, they are required to provide a rebate to its customers.<sup>1</sup>

### FISCAL IMPACT:

House Bill 5825 would not have a fiscal impact on any units of state or local government.

Legislative Analyst: Alex Stegbauer  
Fiscal Analyst: Una Jakupovic

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

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<sup>1</sup> <https://www.cms.gov/marketplace/private-health-insurance/medical-loss-ratio>