

SR-181, As Adopted by Senate, November 28, 2012

Senators Kahn, Caswell and Jansen offered the following resolution:

Senate Resolution No. 181.

A resolution to express support for an amendment to the Patient Protection and Affordable Care Act that will allow insurance companies to consider Health Savings Account contributions toward the payment of benefits and premiums in the medical loss ratio calculation.

Whereas, The Patient Protection and Affordable Care Act (PPACA) was enacted in 2010 by the federal government to address multiple issues regarding health care delivery in the United States. The PPACA requires certain health insurers to provide rebates to their customers for each year that the insurers do not meet a set financial target called a medical loss ratio (MLR). The MLR is a measure of the share of health care premium dollars spent on medical benefits compared to company expenses such as overhead or profits. The PPACA provides that insurance companies meet a minimum MLR of 80-85 percent, meaning that 80 to 85 percent of their revenues must be used for payment of claims, or they must rebate the excess to the consumer; and

Whereas, Health Savings Accounts (HSAs) were created by Congress in 2003 to provide consumers with more flexibility and responsibility over their health care spending. Consumers can buy high-deductible health plans (HDHPs) with a low monthly premium amount while saving pretax contributions in an HSA. The funds in the HSA are then used to pay the insurance deductible and other health care-related expenses. Over 13 million consumers purchase health insurance through the use of HDHPs and HSAs; and

Whereas, An unintended consequence of the current MLR regulations imposed under the PPACA will make it financially unsustainable for insurance companies to offer HDHPs. As a result, HSAs will no longer be beneficial for consumers. In exchange for a higher deductible, HDHPs have lower premiums than traditional health plans. The HSA helps the consumer pay for the higher deductible. However, the PPACA's MLR calculation does not take into account the use of HSAs to pay deductibles. As a result, it will be difficult for insurers offering HDHPs to meet the minimum MLR; now, therefore, be it

Resolved by the Senate, That we express support for an amendment to the PPACA that will allow insurance companies to consider HSA contributions toward the payment of benefits and premiums in the MLR calculation; and be it further

Resolved, That copies of this resolution be transmitted to the Office of the Michigan Attorney General, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.