

SENATE BILL No. 1359

November 8, 2012, Introduced by Senator KAHN and referred to the Committee on Appropriations.

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, subject to subsections (2), (3), and (4), there is levied
 3 upon and there shall be collected from every carrier and third
 4 party administrator an assessment ~~of 1%~~ on that carrier's or third
 5 party administrator's paid claims **AT THE FOLLOWING RATE:**

6 (A) IN 2012, 1%.

7 (B) IN 2013 THROUGH 2014 EXCEPT AS OTHERWISE PROVIDED IN THIS
 8 SUBDIVISION, THE RATE LEVIED IN THE IMMEDIATELY PRECEDING YEAR.
 9 HOWEVER, IF THE DEPARTMENT OF TREASURY DETERMINES THAT THE RATE
 10 LEVIED IN THE IMMEDIATELY PRECEDING YEAR COLLECTED REVENUE IN AN

1 AMOUNT LESS THAN OR GREATER THAN THE BASE NEED, THE DEPARTMENT OF
2 TREASURY SHALL INCREASE OR REDUCE THE RATE, AS APPROPRIATE, TO A
3 RATE THAT WOULD HAVE GENERATED FOR THE IMMEDIATELY PRECEDING YEAR
4 REVENUE EQUAL TO THE BASE NEED. AS USED IN THIS SUBDIVISION:

5 (i) "BASE NEED" MEANS THE FOLLOWING:

6 (A) FOR 2012, \$400,000,000.00.

7 (B) FOR 2013 AND EACH YEAR AFTER 2013, THE BASE NEED IN THE
8 IMMEDIATELY PRECEDING YEAR ADJUSTED BY THE MEDICAL INFLATION RATE.

9 (ii) "MEDICAL INFLATION RATE" MEANS THAT RATE DETERMINED BY THE
10 ANNUAL NATIONAL HEALTH EXPENDITURES ACCOUNTS REPORT ISSUED BY THE
11 FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES, OFFICE OF THE
12 ACTUARY.

13 (2) A carrier with a suspension or exemption under section
14 3717 of the insurance code of 1956, 1956 PA 218, MCL 500.3717, on
15 the effective date of this act is subject to an assessment of 0.1%.

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

19 (a) A group health plan sponsor shall not be responsible for
20 an assessment under this subsection for a paid claim where the
21 assessment on that claim has been paid by a third party
22 administrator or excess loss or stop loss insurer, except as
23 otherwise provided in section 3a(2).

24 (b) Except as otherwise provided in subdivision (d), the third
25 party administrator shall be responsible for all assessments on
26 paid claims paid by the third party administrator.

27 (c) Except as otherwise provided in subdivision (d), the

1 excess loss or stop loss insurer shall be responsible for all
2 assessments on paid claims paid by the excess loss or stop loss
3 insurer.

4 (d) If there is both a third party administrator and an excess
5 loss or stop loss insurer servicing the group health plan, the
6 third party administrator shall be responsible for all assessments
7 for paid claims that are not reimbursed by the excess loss or stop
8 loss insurer and the excess loss or stop loss insurer shall be
9 responsible for all assessments for paid claims that are
10 reimbursable to the excess loss or stop loss insurer.

11 (4) The assessment under this section shall not exceed
12 \$10,000.00 per insured individual or covered life annually.

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

18 ~~—— (6) If the assessment under this section collects revenue in~~
19 ~~an amount greater than \$400,000,000.00, adjusted annually by the~~
20 ~~medical inflation rate, each carrier and third party administrator~~
21 ~~that paid the assessment shall receive a proportional credit~~
22 ~~against the carrier's or third party administrator's assessment in~~
23 ~~the immediately succeeding year. The department shall send a notice~~
24 ~~of credit to each carrier or third party administrator entitled to~~
25 ~~a credit under this subsection not later than July 1. A carrier or~~
26 ~~third party administrator entitled to a credit under this~~
27 ~~subsection shall apply that credit to the July 30 payment. Any~~

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