

Act No. 162
Public Acts of 2014
Approved by the Governor
June 11, 2014
Filed with the Secretary of State
June 11, 2014
EFFECTIVE DATE: June 11, 2014

**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Senators Kahn and Pappageorge

ENROLLED SENATE BILL No. 913

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 section 3 (MCL 550.1733).

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 December 31, 2017, 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 December 31, 2017, 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.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 893 of the 97th Legislature is enacted into law.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved.....

Governor

Compiler's note: Senate Bill No. 893, referred to in enacting section 1, was filed with the Secretary of State June 11, 2014, and became 2014 PA 161, Imd. Eff. June 11, 2014.