

# Compliance Alert

## **Michigan to Impose Assessment on Health Care Claims Alert Date: 11/14/2011**

Beginning Jan. 1, 2012, Michigan will impose a 1% assessment on most health insurance claims. The fee will apply only to claims incurred by residents of Michigan for care received from providers in the state. The law is scheduled to be in force for two years and will sunset on Dec. 31, 2013.

The assessment generally applies to all group health plans, whether insured or self-insured. Self-funded employers may feel that ERISA should pre-empt the law from applying to their plans, however, the Supreme Court has already upheld a very similar rule in New York.

The Michigan fee does not apply to the following:

- Any claims in excess of \$1 million per year for an individual
- Co-pays and deductibles that are the responsibility of the covered individual
- Section 125 health FSA reimbursements
- HSA distributions
- Reimbursements from a health reimbursement arrangement (HRA)
- Plans providing specified accident coverage or accident-only plans
- Long-term care coverage
- Workers' compensation claims

Employers are not directly responsible to pay the fee - the law requires health insurance companies and TPAs (in the case of a self-funded plan) to calculate and pay the fee on a quarterly basis.

*While every effort has been taken in compiling this information to ensure that its contents are totally accurate, neither the publisher nor the author can accept liability for any inaccuracies or changed circumstances of any information herein or for the consequences of any reliance placed upon it. This publication is distributed on the understanding that the publisher is not engaged in rendering legal, accounting or other professional advice or services. Readers should always seek professional advice before entering into any commitments.*