

**SUBSTITUTE FOR
HOUSE BILL NO. 4968**

A bill to amend 2018 PA 175, entitled
"Insurance provider assessment act,"
by amending sections 7, 11, and 17 (MCL 550.1757, 550.1761, and
550.1767).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7. (1) Beginning on the first day of the calendar quarter
2 in which the director of the department of health and human
3 services notifies the secretary of state and the department in
4 writing that the federal Centers for Medicare and Medicaid Services
5 has approved its request for a waiver of the broad-based and
6 uniformity provisions of section 1903(w) (3) (B) and (C) of title XIX
7 of the social security act, 42 USC 1396b, for implementation of
8 this act or October 1, 2018, whichever is later, there is levied



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1 and imposed an annual assessment on the number of member months for
 2 each insurance provider reported on its annual financial statement
 3 filed with the department of insurance and financial services or
 4 the department of health and human services, whichever is
 5 applicable, for the previous calendar year at the following rates
 6 in the following circumstances:

7 (a) For tier 1, a Medicaid contracted health plan's member
 8 months supported with federal funds authorized under subchapter XIX
 9 of the social security act, 42 USC 1396 to ~~1396w-5,~~ **1396w-8**, as
 10 follows:

11 (i) For the number of member months and the dollar amount
 12 necessary per member month, as determined each year by the
 13 department of health and human services, to achieve a result of
 14 between 1.00 and 1.02 on the statistical test imposed by the
 15 federal Centers for Medicare and Medicaid Services according to 42
 16 CFR 433.68(e).

17 (ii) For each remaining member month not assessed under
 18 subparagraph (i), \$1.20 per member month.

19 (b) For tier 2, a health insurer's member months not supported
 20 with federal funds authorized under subchapter XIX of the social
 21 security act, 42 USC 1396 to ~~1396w-5,~~ **1396w-8**, \$2.40 per member
 22 month.

23 (c) For tier 3, a specialty prepaid health plan's member
 24 months supported with federal funds authorized under subchapter XIX
 25 of the social security act, 42 USC 1396 to 1396w-5, \$1.20 per
 26 member month.

27 **(2) If the federal waiver under subsection (1) is approved on**
 28 **an ongoing basis, the department of health and human services may**
 29 **use information in the waiver approval instead of updating the tax**



1 on an annual basis.

2 (3) The department of health and human services may continue
3 with the tax structure that was approved by the federal Centers for
4 Medicare and Medicaid Services on December 20, 2024, and in place
5 on July 4, 2025, unless the federal Centers for Medicare and
6 Medicaid Services end dates the waiver.

7 (4) If the waiver that was approved on December 20, 2024 is
8 ended by the federal Centers for Medicare and Medicaid Services,
9 the department of health and human services shall propose to the
10 federal Centers for Medicare and Medicaid Services a tax structure
11 that is compliant with updated broad-based and uniform requirements
12 under federal law and regulation. Beginning on approval from the
13 federal Centers for Medicare and Medicaid Services of a revised
14 insurance provider assessment tax structure, there is levied and
15 imposed an annual assessment on the number of member months for
16 each insurance provider reported on its annual financial statement
17 filed with the department of insurance and financial services or
18 the department of health and human services, whichever is
19 applicable, for the previous calendar year. The tax rate must be
20 determined each year by the department of health and human services
21 for the dollar amount necessary per member month to achieve a total
22 revenue not to exceed the total revenue due for the tax year of
23 April 1, 2024 through March 31, 2025. The per member month tax rate
24 must be the same for all tiers described in subsection (1).

25 (5) ~~(2) Beginning~~ By May 15 and by of each May 15 thereafter,
26 year, the department of insurance and financial services and the
27 department of health and human services shall make available to the
28 department the number of member months for each insurance provider
29 and the necessary assessment information for the department to



1 calculate the assessment due under this act, including the number
 2 of member months and the rate to be imposed in accordance with
 3 subsection (1) (a) (i) to satisfy the statistical test.

4 **(6)** ~~(3)~~—For the initial year of implementation only, the
 5 department shall notify each insurance provider after June 15, 2018
 6 but before October 15, 2018, of the number of member months and the
 7 rate imposed on these member months in accordance with subsection
 8 (1) (a) (i) and of its assessment, prorated for 2 quarters, due based
 9 on the insurance provider's member months for the previous calendar
 10 year. The initial assessment is payable in 2 equal installments.
 11 Each insurance provider shall submit the payments to the department
 12 by January 30, 2019 and April 30, 2019.

13 **(7)** ~~(4)~~—The department shall notify each insurance provider
 14 after June 1, but before June 15 each year after implementation, of
 15 the number of member months and the rate imposed on these member
 16 months under subsection (1) (a) (i) and of its annual assessment due
 17 under this act based on the insurance provider's member months for
 18 the previous calendar year, **or in the federal waiver approval in**
 19 **accordance with subsection (2)**. The assessment is payable on a
 20 quarterly basis and each insurance provider shall submit quarterly
 21 payments on July 30, October 30, January 30, and April 30 to the
 22 department for the amount of the assessment imposed under this act
 23 with respect to the number of member months reported on its
 24 financial statements for the previous calendar year, **or in the**
 25 **federal waiver approval in accordance with subsection (2)**.

26 **(8)** ~~(5)~~—If a due date falls on a Saturday, Sunday, state
 27 holiday, or legal banking holiday, the payments are due on the next
 28 succeeding business day.

29 **(9)** ~~(6)~~—The department may require that payment of the



1 assessment be made by an electronic funds transfer method approved
2 by the department.

3 Sec. 11. (1) The department shall administer the assessment
4 imposed under this act under 1941 PA 122, MCL 205.1 to 205.31, and
5 this act. If 1941 PA 122, MCL 205.1 to 205.31, and this act
6 conflict, the provisions of this act apply. The assessment imposed
7 under this act is a tax for the purpose of 1941 PA 122, MCL 205.1
8 to 205.31.

9 (2) The department ~~is authorized to~~ **may** promulgate rules to
10 implement this act under the administrative procedures act of 1969,
11 1969 PA 306, MCL 24.201 to 24.328.

12 (3) The assessment imposed under this act ~~shall is~~ not be
13 considered an assessment or burden for purposes of the tax, or as a
14 credit toward or payment ~~in lieu~~ **instead** of the tax under section
15 476a of the insurance code of 1956, 1956 PA 218, MCL 500.476a.

16 (4) The department shall submit an annual report to the state
17 budget director, the senate and house of representatives standing
18 committees on appropriations **and insurance**, and the senate and
19 house fiscal agencies not later than 120 days after May 15 that
20 states the amount of revenue collected from insurance providers
21 under this act for the ~~immediately~~ preceding state fiscal year and
22 the costs incurred for administration and compliance requirements
23 under this act for the ~~immediately~~ preceding state fiscal year.

24 Sec. 17. The department shall provide the director of the
25 department of insurance and financial services with written notice
26 of any final determination that an insurance provider has failed to
27 pay an assessment, interest, or penalty when due. The director of
28 the department of insurance and financial services may suspend or
29 revoke, after notice and hearing, the certificate of authority to



1 transact insurance in this state, or the license to operate in this
2 state, of any insurance provider that fails to pay an assessment,
3 interest, or penalty due under this act. ~~A~~**The director of the**
4 **department of insurance and financial services shall not withdraw a**
5 suspension of a certificate of authority to transact insurance in
6 this state or a license to operate in this state under this section
7 ~~shall not be withdrawn~~ unless any delinquent assessment, interest,
8 or penalty has been paid. **If the director of the department of**
9 **insurance and financial services issues a suspension under this**
10 **section, the director of the department of insurance and financial**
11 **services shall provide written notice to the standing committees on**
12 **insurance not later than 10 days after the suspension is issued.**

13 Enacting section 1. This amendatory act does not take effect
14 unless all of the following bills of the 103rd Legislature are
15 enacted into law:

16 (a) House Bill No. 4183.

17 (b) House Bill No. 4951.

18 (c) House Bill No. 4961.

