



---

## **The State of Michigan's Health Insurance Claims Act (HICA) Tax Elimination Bill Awaits the Signature of Governor Synder**

Employers around the State of Michigan are wildly applauding action taken by the Michigan Legislature to eliminate the Health Insurance Claims Act (HICA) tax.

The Michigan House of Representatives voted near unanimously today, 107-1, in favor of the HICA tax elimination package — Senate Bill 992 (Senator Ken Horn, R-Frankenmuth), Senate Bill 993 (Senator Peter MacGregor, R-Rockford) and Senate Bill 994 (Senator Mike Shirkey, R-Clarklake) — while the bills received near-unanimous support from the Senate on Thursday, May 17th. Those bills all now move to the desk of Governor Rick Snyder for his signature.

The legislation introduced in the Michigan Senate in May ([Senate Bills 992 - 994](#)) were drafted in collaboration with Governor Snyder's office and would repeal the HICA Tax, which is a one percent (1%) tax on paid health insurance claims. It would replace HICA with a new Insurance Provider Assessment (IPA) on commercial health insurers (HMOs and PPOs) and Medicaid health plans. The legislation would achieve the goal of lowering health insurance taxes for employers purchasing employer-sponsored coverage as well as those buying coverage in the individual market. Self-insured entities would be exempt from the new altogether because their policies are governed under federal law.

The Michigan Chamber supports the Senate legislation because it allows Michigan to turn a page on the HICA Tax, which serves a disincentive to purchasing health insurance by adding over \$1 billion to the cost of coverage since 2011. Furthermore, the HICA Tax has proven to be an unstable and inadequate revenue source for the State. The IPA Tax will cut health insurance taxes for employers and continue to fund Michigan's traditional Medicaid program in a fair and stable way.

Source: [www.moodyonthemarket.com](http://www.moodyonthemarket.com) and [www.michamber.com](http://www.michamber.com)

(This information is no way intended to be legal advice. Please seek an ERISA attorney for legal advice on your self-funded program.)

(Source: SPBA)