



# SecureOne Benefit Administrators, Inc. ACA Compliance News

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## Michigan HICA Tax May Be Repealed!

The Senate Competitiveness Committee proposed legislation that would repeal Michigan's Health Insurance Claims Assessment, or "HICA Tax" on Wednesday, May 25, 2016. The HICA Tax imposes a 0.75% tax on all claims paid on or after January 1, 2012 for health and medical services provided in Michigan to Michigan residents. This tax has added almost \$1 billion to the cost of health insurance since its enactment.

Senate Bills 987-990, which were introduced by Senators Horn, Stamas, MacGregor and Shirkey, would restructure a tax on Medicaid Managed Care Organizations (MCOs), that is already currently in place. This would then bring that tax into compliance with Federal law. The current MCO use tax has been under Federal scrutiny and will be deemed an impermissible revenue source by the Federal Government starting in January.

After restructuring the MCO Use Tax, the state can then repeal the HICA Tax without any adverse impact to the state budget. Under the new legislation, the HICA rate would drop to 0% on January 1, 2017 and be completely eliminated on December 31, 2018.

**Contact your local Representative to guide them for voting yes to repeal this tax!**

Source: Michigan Chamber of Commerce

<http://www.michamber.com/chamber-champions-hica-tax-repeal-bill-move>

