

Michigan Chamber Champions Repeal Of 'HICA Tax,' Applauds Senate's Efforts To Bend Health Insurance Cost Curve

LANSING, Mich., June 8, 2016 /PRNewswire-USNewswire/ -- The Michigan Chamber of Commerce today issued the following statement in response to nearly unanimous passage of legislation championed by the Michigan Chamber to repeal Michigan's unique and uncompetitive Health Insurance Claims Assessment, or "HICA Tax" (Senate Bills 987-990). The HICA Tax is a 0.75 percent tax on paid health insurance claims. It is paid by individuals and businesses alike and has added nearly \$1 billion to the cost of health insurance since its enactment in 2011.



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"Repeal of Michigan's wholly unique and uncompetitive Health Insurance Claims Assessment, or 'HICA Tax,' has long been a priority for the Michigan Chamber because the HICA Tax makes it more costly and difficult for individuals and employers to purchase health insurance," said Jim Holcomb, Senior Vice President for Business Advocacy & General Counsel for the Michigan Chamber. "We applaud the Senate for passing legislation to bend the health insurance cost curve in the right direction."

"The HICA Tax was hurriedly put into place in 2011 because the Use Tax on Medicaid Managed Care Organizations was subject to federal scrutiny and it was thought it would be deemed an impermissible mechanism to draw down federal dollars to help fund Michigan's traditional Medicaid program," said Wendy Block, Director of Health Policy & Human Resources for the Michigan Chamber. "Five years later, we can safely say the HICA Tax has been a failed exercise, as it not only disincentives the purchase of health insurance but also has been proven to be an unstable and inadequate revenue source for the state."

"The Senate-passed legislation would restructure Use Tax on Medicaid Managed Care Organizations (MCOs) by bringing the tax into compliance with federal law," Block continued. "By restructuring the MCO Use Tax, the state can repeal the HICA Tax without any adverse impact on the state budget."

"Under the legislation, the HICA rate would drop to 0% on January 1, 2017 and be completely eliminated on December 31, 2018," Block noted.

"The Senate bills are a win-win-win," concluded Holcomb. "The bills are a win for individuals and businesses who will see their health insurance premiums drop and a win for the state budget because it allows Michigan to continue to collect and use MCO Use Tax revenues and use those revenues for the School Aid Fund and other budget priorities. It is also a win for those serving the Medicaid population because the bills ensure there is a stable revenue source for the traditional Medicaid population."

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,800 employers, trade associations and local chambers of commerce. The Chamber represents businesses of every size and type in all 83 counties of the state. Michigan Chamber member businesses provide jobs to 1.5 million residents. One of every 2.6 employees in Michigan

works for a Chamber member firm. The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process. It is one of only six state chambers accredited by the US Chamber and one of only four state chambers accredited with distinction.

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