

Michigan Chamber Praises State House For Passing Legislation To Bend Health Insurance Cost Curve

LANSING, Mich., Sept. 22, 2016 /PRNewswire-USNewswire/ -- The Michigan Chamber of Commerce today issued the following statements in response to legislation passed by the State House and championed by the Michigan Chamber to repeal an anti-competitive tax on individuals and businesses purchasing health insurance. The Health Insurance Claims Assessment, or "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.



MICHIGAN
CHAMBER
of Commerce

"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 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 Speaker Cotter and Insurance Committee Chair Tom Leonard for their leadership in making health insurance more affordable."

"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 total flop, as it not only has added over \$1 billion to the cost of health insurance, but also has proven to be an unstable and inadequate revenue source for the state."

"This legislation will restructure the existing Use Tax on Medicaid Managed Care Organizations (MCOs) by bringing the tax into compliance with federal law," added Block. "In doing so, the state can fully preserve necessary funding for Michigan's traditional Medicaid program and boost the School Aid Fund by over \$150 million."

"Although some prefer the status quo," Block continued, "absent this legislation, the state faces an annual shortfall for the traditional Medicaid budget in Fiscal Year 2017 and beyond and a fiscal cliff in 2020 when the current HICA tax expires, leaving the state with a \$332.5 million annual shortfall."

"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 this legislation will ensure there's a stable revenue source for the traditional Medicaid population."

Senate Bills 987-990 now return to the State Senate for a concurrence vote.

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,700 employers, trade associations and local chambers of commerce. The Chamber represents businesses of every size and type in all 83 counties of

the state. 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.

Logo - <http://photos.prnewswire.com/prnh/20140812/135529>

SOURCE Michigan Chamber of Commerce

For further information: Wendy Block, Michigan Chamber of Commerce, (517) 371-2100

<https://michamber.mediaroom.com/2016-09-22-Michigan-Chamber-Praises-State-House-For-Passing-Legislation-To-Bend-Health-Insurance-Cost-Curve>