Michigan Chamber Urges Governor to Sign Bi-Partisan Legislation to Bend Health Insurance Cost Curve

LANSING, Mich., Oct. 20, 2016 /PRNewswire-USNewswire/ -- The Michigan Chamber of Commerce today issued the following statement as legislation championed by the Michigan Chamber advances to the Governor 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.

"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 the Michigan Senate and House for their leadership in making health insurance more affordable."

"We strongly urge Governor Snyder to sign this common sense and bipartisan legislation," added Holcomb.

"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."

"Absent this legislation, the state faces an annual shortfall for the general fund in Fiscal Year 2017 and beyond and a fiscal cliff in 2020 when the current HICA tax expires, leaving the state with a $332 million annual shortfall," added Block. "Although some say there may be too many 'risks' associated with this legislation, there are even bigger risks associated with doing nothing."

"This solution presented to the Governor will restructure the existing Use Tax on Medicaid Managed Care Organizations (MCOs) by bringing the tax into compliance with federal law," Block noted. "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."

"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 to reimburse providers for their services."

The Michigan Chamber of Commerce is a statewide business organization representing approximately 6,700 employers, trade

associations and local chambers of commerce. The Michigan 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 U.S. Chamber and one of only four state chambers accredited with distinction.

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