Michigan Chamber Applauds Senate Passage Of Legislation To Repeal And Replace Health Insurance Tax On Employers, Individuals

LANSING, Mich., May 17, 2018 /PRNewswire-USNewswire/ -- Michigan Chamber Vice President of Business AdvocacyWendy Block issued the following statement today in response to the State Senate's passage of legislation to repeal and replace Michigan's Health Insurance Claims Tax ("HICA Tax"):

"The Michigan Chamber has long sought legislation to repeal and replaceMichigan's wholly unique and uncompetitive Health Insurance Claims Tax, or 'HICA Tax.' The legislation passed by the Senate would allow the state to turn a page on a tax which serves as a disincentive to purchasing health insurance and has added over $1.5 billion to the cost of health insurance coverage since 2011."

"The HICA Tax has proven to be an unstable and inadequate revenue source for the state. The replacement tax, a new Insurance Provider Assessment (IPA), will cut health insurance taxes for employers and individuals and continue to fund Michigan's traditional Medicaid program in a fair and stable way."

"The Michigan Chamber fully supports the Senate legislation because it would create a tax cut for employers purchasing health insurance for their employees as well as individuals purchasing their own coverage."

Senate Bills 992-94 would establish the IPA tax and assess a tax on health insurers on a per-member-per-month (PMPM) basis, which would be passed along to health insurance purchasers. Commercial policies would be assessed a flat rate of $2.40 per member per month (pmpm), while Medicaid HMO policies would be set annually by the state in an amount sufficient to achieve the required result of the federal statistical test. Self-insured and administrative services only plans would be exempt. While the IPA Tax on commercial policies would be passed on to the health care purchasers, the IPA represents a savings from current HICA pmpm tax loads. The specific savings will vary based on claims experience. The legislation would specify that the HICA Tax would be repealed as soon as the federal Centers for Medicare & Medicaid Services (CMS) approves the IPA tax, or on October 1, 2018, whichever is later.

The Michigan Chamber of Commerce is a statewide business organization representing over 6,000 employers, trade associations and local chambers of commerce. The Chamber represents employers of every size and type in all 83 counties of the state. Chamber members employ over one million Michigan residents. The Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process.

SOURCE Michigan Chamber of Commerce

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