STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Bulletin 2011-16- INS

In the matter of:

Health Insurance Claims Assessment Methodology
_____/

Issued and entered
this 16th day of December 2011
by R. Kevin Clinton
Commissioner

The purpose of this bulletin is to specify the requirements for notifying the Commissioner of the methodology used to collect the assessment levied under the Health Insurance Claims Assessment ("HICA") Act, PA 142 of 2011, MCL 550.1731-1741.

On September 20, 2011, Governor Snyder signed legislation creating the HICA Act. Beginning January 1, 2012, certain third party administrators, carriers and self-insured entities are required to pay an assessment on "paid claims," as that term is defined in Section 2(s) of the HICA Act.

Per Section 3a(2) of the HICA Act, the methodology for collecting the assessment shall be developed and implemented by carriers or third party administrators and must meet the following four criteria:

1) Must be applied uniformly by line of business.
2) Cannot be based on health status or claims experience of the covered individual or group, except as provided in (3) below for uninsured or self-funded coverage.
3) *For insured coverage only:* must be calculated as a percentage of premium.
   For uninsured or self-funded coverage only: must be calculated as a percentage of actual paid claims.
4) Must reflect only the assessment under the HICA Act and not any additional administration or related costs.

Section 3a(2)(f) of the HICA Act requires carriers, as that term is defined in Section 2(a) of the HICA Act, to notify OFIR of their HICA collection methodology. The notice should contain at a minimum the following items:

1) A detailed explanation of the methodology used to collect the assessment.

2) An illustration of how the assessment will be identifiable to the covered individual or group.
3) A description of the reconciliation process between collected and actual assessments and whether retroactive or prospective adjustments will be made. See Section 3a(2)(e) of the HICA Act.

The collected assessment shall not be considered an element or a factor of a rate. See Section 3a(1) of the HICA Act.

Methodologies submitted pursuant to Section 3a(2)(f) of the HICA Act must be submitted via the SERFF system using the TOI for "Health-Other", filing type "HICA". Carriers without a SERFF subscription should email their methodologies to ofirhealthplans@michigan.gov. Methodologies will be reviewed for compliance with the above items.

The HICA Act is effective on January 1, 2012. Carriers should submit HICA methodologies to OFIR as soon as practicable. Several carriers submitted methodologies to OFIR prior to the issuance of this bulletin. If a methodology has already been submitted, no further action is necessary unless a carrier is notified otherwise.

Any questions regarding this bulletin should be directed to:

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R. Kevin Clinton
Commissioner