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BENEFIT NEWS BRIEFS

Court Upholds Michigan's 1% Health Care Claims Tax

In *Benefit News Brief 2011-56 and 2011-83*, we discussed a new Michigan law which established a two-year 1% assessment on certain paid health care claims beginning January 1, 2012 and ending January 1, 2014. The assessment is to be paid by a number of entities including the Plan Sponsor of self-insured multiemployer Group Health Plans (GHP) or the GHP's Third Party Administrator (TPA) or insurer. The law was challenged by the Self–Insurance Institute Of America, Inc., (SIIA) as being preempted by *ERISA*.

The District Court of the Eastern District of Michigan recently released an opinion in the case and granted the state of Michigan's motion to dismiss as the law was NOT preempted by *ERISA*.

The case is: *Self–Insurance Institute Of America, Inc., v. Rick Snyder et al.*, U.S. Dist. Ct. E.D. MI and is available by "*clicking here*."

The SIIA has indicated it plans to appeal the case to the 6th Circuit Court of Appeals.

The tax was enacted in response to concerns that had been expressed by the Centers for Medicare & Medicaid Services that the previous funding mechanism - namely, a 6% tax on Medicaid managed-care organizations - was invalid, thus potentially jeopardizing federal reimbursements for Medicaid expenditures. If this tax mechanism is upheld by the higher courts, taxing health care claims could become more prevalent.

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