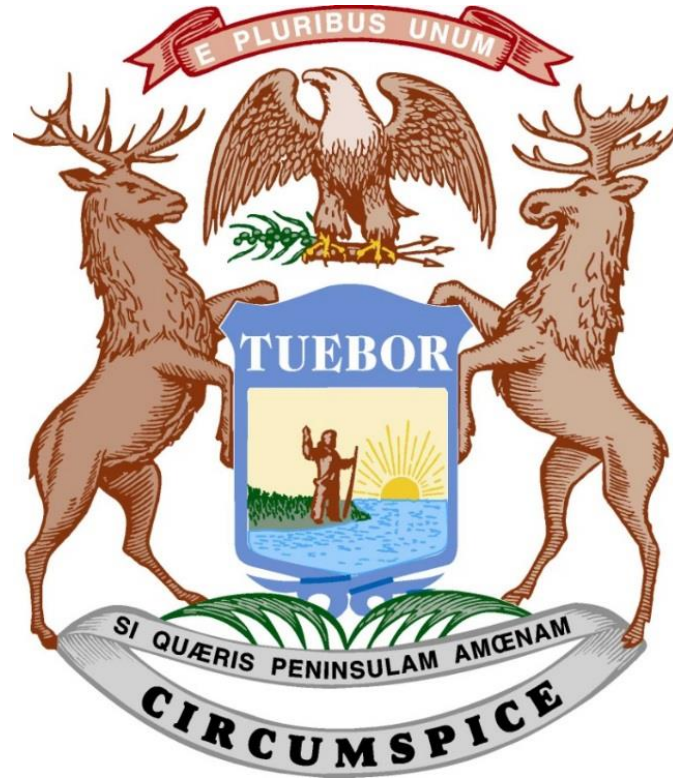


Insurance Provider Assessment 2021 Report



Prepared by
Office of Revenue and Tax Analysis
Michigan Department of Treasury

David Simon prepared this report based on state revenue collections and administrative expenses incurred by the Department of Treasury. Denise Jones of the Bureau of Tax Policy assisted in compiling the data for this report.

This report is required by Section 11 of the Insurance Provider Assessment Act, and will be transmitted to the State Budget Director, the chairperson of the House Committee on Appropriations, the chairperson of the Senate Committee on Appropriations, the Director of the House Fiscal Agency, and the Director of the Senate Fiscal Agency.

This report has been created to comply with the requirements of Section 11 of the Insurance Provider Assessment Act (IPA). The Department of Treasury's Office of Revenue and Tax Analysis (ORTA) has used the Department's data to detail the revenues received by the State of Michigan from the IPA tax, as well as the administrative costs that the tax has imposed on the Treasury.

Background

The IPA was created in 2018 via Public Act 175. It requires health insurers to remit taxes based on the number of members they insure. The tax is calculated by the number of member months (a member month is one month of coverage for one person) that the insurance provider covers during a given year. The amount of tax owed per member month is determined by the type of provider. Medicaid contracted health plans owe \$1.20 per member month except for members that are taxed at a rate targeted to conform to a statistical test imposed by the federal Centers for Medicare and Medicaid Services. Health insurance plans not supported by federal funds owe \$2.40 per member month. Specialty prepaid health plans supported by federal funds owe \$1.20 per member month.

The taxes are submitted on a quarterly basis, evenly dividing the previous year's tax liability in four payments. The Michigan Department of Treasury is required to administer the assessment and report on the revenue collected from insurance providers and costs incurred by the Treasury for the previous fiscal year. Treasury submits this report to the state budget director, the senate and house standing committees on appropriations, and senate and house fiscal agencies.

Fiscal Year 2021

The data presented here on money held in the IPA fund was accessed through SIGMA. ORTA prepares financial reports regularly and this data was drawn from FY 2021 financial reporting.

The collections during fiscal year (FY) 2021 are shown in the table below. The IPA had been signed into law during May 2018, and approved at the Federal level that December, effective retroactive to October 2018. The insurers are required to pay this tax (based on activity in the previous calendar year) in equal quarterly payments on the 30th of July, October, January, and April each year so the first payments received by the Department of Treasury appear in January 2019. Payments for FY 2021 were received from January through December of 2021. Figures in this table are in millions. Compared to FY 2020, collections increased by \$11.4 million.

January ¹	February	March	April	May	June
\$133.9	\$17.2	\$0.1	\$148.3	\$2.9	\$0.0

July	August	September	October	November	Total
\$130.6	\$28.4	\$0.0	\$146.9	\$11.6	\$619.8

The administrative costs only include costs incurred by the Department of Treasury. Those costs include tax compliance, tax processing, and tax policy work. Also included are IT costs for the Department of Technology, Management and Budget and other miscellaneous department-wide costs. The total administrative costs for FY 2021 were \$1,199,086. These costs increased by \$10,396 from FY 2020.

¹ January 2021 total includes a \$163,612.82 correction in December 2020 which did not impact totals