

New Michigan Insurance Provider IPA Tax has been Approved

By Lisa Shenduk, Compliance Manager

On December 10, 2018, The Center for Medicare and Medicaid Services (CMS) approved the new [Michigan Insurance Provider Assessment Tax \(IPA\)](#) to fund Medicaid in the State of Michigan. The IPA tax is effective retroactive to October 1, 2018 and replaces the [Michigan Health Insurance Claims Assessment Tax \(HICA\)](#). This tax is paid directly by the Health Insurers. It is expected that the providers and insurers will pass this tax onto their customers/policyholders.

What type of Medical plan is subject to the IPA Tax:

MEDICAL PLAN	IPA tax (current)	HICA Tax (previous)
Large Group (fully-Insured)	YES	YES
Small Group (fully-insured)	YES	YES
Large Group (self-funded)	NO	YES
Small Group (self-funded)	NO	YES
Individual	YES	YES

*Dental, Vision, & Prescription Drugs are exempt from IPA tax

How much is the new IPA Tax:

The new IPA Tax (commercial insurers) is a flat rate of \$2.40 PMPM (Per Member Per Month). For example, a fully insured group covering 20 employees and 10 dependents (30 members) will be assessed an IPA tax of \$72 per month (30 x \$2.40 = \$72).

How will my insurance carrier pass on the tax to each group:

Each carrier handles add-on taxes differently. If your current carrier shows each tax as a "line item" on your current bill, you may begin to see the tax on your next monthly bill. If your current carrier includes taxes within their billed monthly rate, the tax will (most likely) be built into your next renewal rate calculation. For more information on how this tax will be applied, reach out to your insurance provider directly or to your BRSi benefit advisor.

Should you have any questions, please email me at lshenduk@benefitreview.com

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