

Frequently Asked Questions

Michigan Claims Tax



1. What did the Michigan Legislature pass?

The Michigan Legislature approved a new tax on certain Michigan health insurance claims beginning Jan. 1, 2012. Gov. Rick Snyder signed the legislation into law on Sept. 20, 2011.

2. What will the tax be used for?

The new tax replaced funding for Medicaid which would have ended in 2012. The tax also ensures that Michigan continues to receive federal funds for its Medicaid program.

3. Does the tax apply to health care claims for individuals?

Yes. It applies to claims paid for individuals covered in individual health plans, but only for services rendered to Michigan residents in Michigan.

4. Does the tax apply to prescription drug, vision and dental claims?

Yes. It applies to prescription drug, vision and dental claims, but only for services rendered to Michigan residents in Michigan.

5. How will BCBSM and BCN collect funds to pay the tax?

We will collect it as a flat percentage added to your monthly premium. Whether you have had a claim or not, we are required to collect the funds in this way.

6. Are my monthly premiums going up?

No, the new tax doesn't raise your monthly premium. The tax will be added as a separate line item on your bill. It will be displayed as, "MI Claims Tax Assessment".

7. When will the tax be added to my bill?

It will be added onto your bill for Jan. 1, 2012.

8. Can you provide the exact cost to me?

BCBSM individual members will pay 0.75 percent of their monthly premium. You can determine your claims tax amount by multiplying your premium by .0075.

BCN individual members will pay 0.84 percent of their monthly premium. You can determine your claims tax amount by multiplying your premium by .0084.

9. Will the tax be applied to all health care claims?

It applies to most health care claims, but not all. According to the statute, some of the exempt claims include:

- Services for Michigan residents received outside of the state
- Cost-sharing requirements (deductibles, copays and coinsurance)
- Reimbursements under a flexible spending arrangement, health savings account, Archer medical savings account, Medicare Advantage medical savings account or other health reimbursement arrangements authorized under federal law
- Claims paid under a federal employee health benefit program
- Medicare, Medicare Advantage, Medicare Part D claims
- TRICARE (military-CHAMPUS and the United States Veterans Administration claims)
- Workers' compensation and long-term care claims

10. Does the tax apply to services received outside of Michigan?

No.

11. Does the tax apply to services received in Michigan by non-residents?

No. The tax only applies to services rendered to Michigan residents in Michigan.

12. Can I claim this on my taxes?

Consult your accountant or tax specialist to find out if you can claim this on your taxes.

The summary and FAQs are provided for information purposes only. They should not be considered legal advice or relied upon as such. You should consult your legal counsel and the underlying laws and regulations in order to gain a full understanding of the law.