

November 2011

Dear Valued Customer:

I am writing to inform you that the Michigan Legislature has approved a new 1 percent tax to be applied to certain Michigan health insurance claims beginning January 1, 2012. Gov. Rick Snyder signed the bill into law on September 20, 2011.

The new 1 percent tax will replace the current 6 percent use tax applied to Medicaid managed care plan services and will be used to support Michigan's Medicaid program. It also ensures that Michigan continues to receive funds from the federal government for its Medicaid program. The tax applies to self-funded health care plans and health insurance carriers operating in Michigan, including Blue Cross Blue Shield of Michigan and Blue Care Network.

I know you have questions about the claims tax and how it will be paid. The enclosed FAQ will give you some preliminary information. We will update the FAQ as more information becomes available and post it online. The information is available at **bcbasm.com**. To access the FAQ, log in to Group Secured Services and click on *Michigan Claims Tax* under *What's New, News & Notes*.

In the meantime, please contact your Blues sales representative or contracted agent if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Dallafior". The signature is fluid and cursive, with a horizontal line extending to the right.

Ken Dallafior  
Senior vice president  
Group Business and Corporate Marketing

The summary and FAQ 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.