



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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**NOTICE: HEALTH INSURANCE CLAIMS ASSESSMENT ACT (HICAA) REPEALED,
INSURANCE PROVIDER ASSESSMENT ACT (IPAA) ENACTED,
EFFECTIVE OCTOBER 1, 2018**

**Issued: December 20, 2018
Updated: January 16, 2019**

Public Act 175 of 2018, signed into law on June 11, 2018, introduced fundamental changes to the taxation of insurance and health care providers in Michigan. It created the Insurance Provider Assessment Act (“IPAA”), a new health care-related tax levied on insurance providers in Michigan. The IPAA was intended to replace the Health Insurance Claims Assessment Act (“HICAA”) and, as a result, companion legislation (2018 PA 173) repealed the HICAA as of the effective date of the IPAA.

The effective date of the IPAA was conditioned upon approval by the Center for Medicare and Medicaid Services (“CMMS”) of a waiver from certain federal provisions applicable to health care-related taxes. The IPAA would become effective only as of the first day of the calendar quarter in which the approval of a waiver request was received. CMMS approved a waiver for the IPAA on December 10, 2018. The IPAA is therefore enacted effective as of October 1, 2018, and, likewise, the HICAA is repealed as of that same date.

Under the IPAA, special rules apply to the initial assessment. Treasury will notify all insurance providers of the total amount of the assessment, prorated for 2 quarters, based on the number of member months reported in 2017. This prorated assessment is payable in two equal installments due January 30, 2019,¹ and April 30, 2019. Beginning in 2019, the Department is required to notify all taxpayers of the amount of the annual assessment by June 15, which will then be payable in quarterly installments beginning July 30.

For taxpayers subject to the HICAA, the HICAA liability for 2018 should be computed on all “paid claims” prior to October 1, 2018. While the final quarterly return was due to be filed on October 30, 2018,¹ the filing date for the 2018 annual return remains February 28, 2019.

Instructions and other guidance for taxpayers subject to the IPAA are forthcoming and will be published on Treasury’s website at www.michigan.gov/taxes. Treasury will also be conducting a training seminar for the IPAA, scheduled to be held in Lansing on January 15, 2019. Taxpayers interested in this seminar should contact the Bureau of Tax Policy at (517) 373-9600 for additional information.

¹ The referenced dates were originally reported as January 31, 2019 and October 31, 2018, respectively. These references have been updated to reflect the statutory due dates.