2016 Second Extraordinary Session

HOUSE BILL NO. 35

BY REPRESENTATIVE ANDERS

TAX/INSURANCE PREMIUM: Establishes the annual tax on health maintenance
                         organizations (Item #5)

1   AN ACT

2   To amend and reenact R.S. 22:842 and to repeal R.S. 22:270, relative to the annual tax on

3   health maintenance organizations; to establish the rate of the annual minimum tax;

4   to provide for applicability; and to provide for related matters.

5   Be it enacted by the Legislature of Louisiana:

6   Section 1. R.S. 22:842 is hereby amended and reenacted to read as follows:

7   §842. Life, accident, health, or service insurance; health maintenance organizations;

8   Medicaid-enrolled managed care organizations

9   A.(1) Upon the business of issuing life, accident, health, or service insurance

10   policies, or other forms of contracts or obligations covering such risks, or issuing

11   endowment policies on contracts, or other similar forms of contract obligations, the

12   ~~minimum~~ annual tax shall be one hundred forty dollars when the gross annual

13   premiums are seven thousand dollars or less. When the gross annual premiums are

14   more than seven thousand dollars, the amount of tax payable shall be increased to

15   two hundred twenty-five dollars for each additional ten thousand dollars, or fraction

16   thereof, of gross annual premiums. The business of issuing each of the kinds of

17   insurance or contracts mentioned in this Section may be combined under one tax, and

18   the amount of the tax shall be based on the combined gross annual premiums of all

19   such businesses.

1   (2) The provisions of this Subsection shall not apply to health maintenance

2   organizations.

3   B.(1) Every health maintenance organization authorized and certified to

4   engage in the business of issuing contracts or other evidences or similar forms of

5   coverage to enrollees for healthcare services or prepaid medical services in this state,

6   including Louisiana partnerships authorized under R.S. 22:244(B), shall pay an

7   annual tax on the gross amount of its receipts from contracts and other evidences of

8   coverage at the rate of five hundred fifty dollars for every ten thousand dollars of

9   gross annual premiums collected.

10   (2) No provision of this Subsection shall be construed as relieving any

11   insurer from paying to the commissioner the fees otherwise required for qualifying

12   to do business, or for the renewal thereof.

13   (3) The commissioner of insurance shall comply with the provisions of R.S.

14   22:795 regarding the maintenance of books and records and the disposition of

15   collections.

16   C. Taxes collected under the provision of this Section from ~~health care~~

17   healthcare premium assessments paid by Medicaid-enrolled managed care

18   organizations, after first having been credited to the Bond Security and Redemption

19   Fund as required by Article VII, Section 9(B) of the Constitution of Louisiana, shall

20   be deposited into the Louisiana Medical Assistance Trust Fund.

21   Section 2. R.S. 22:270 is hereby repealed in its entirety.

22   Section 3. The provisions of this Act shall be applicable to all taxable periods

23   beginning on and after January 1, 2016.

24   Section 4. This Act shall become effective upon signature by the governor or, if not

25   signed by the governor, upon expiration of the time for bills to become law without signature

26   by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

27   vetoed by the governor and subsequently approved by the legislature, this Act shall become

28   effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 35 Reengrossed   2016 Second Extraordinary Session   Anders

Abstract: Establishes the rate of the annual tax on health maintenance organizations.

<u>Present law</u> requires, in lieu of the state income tax and the corporate franchise tax, every health maintenance organization authorized and certified to engage in the business of issuing contracts or other evidences or similar forms of coverage to enrollees for healthcare services or prepaid medical services in this state to pay an annual license tax on the gross amount of its receipts from contracts and other evidences of coverage at the same rate as the license tax on life insurance companies provided for in <u>present law</u>, with the exception that the rate for health maintenance organizations with enrollment in coverage in the individual market in La. greater than 55,000 individuals as of Dec. 31, 2015, is $600 for every $10,000 of gross annual premiums collected.

<u>Proposed law</u> repeals <u>present law</u> and establishes the annual tax rate for all health maintenance organizations at $550 for every $10,000 of gross annual premiums collected.

No provision of <u>proposed law</u> shall be construed as relieving any insurer from paying to the commissioner of insurance the fees otherwise required for qualifying to do business, or for the renewal thereof.

<u>Proposed law</u> requires the commissioner of insurance to comply with the provisions of <u>present law</u> regarding the maintenance of books and records and the disposition of collections.

<u>Proposed law</u> applies to any taxable periods beginning on and after Jan. 1, 2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:842; Repeals R.S. 22:270)

<u>Summary of Amendments Adopted by House</u>

<u>The House Floor Amendments to the engrossed bill:</u>

1.   Clarify that the tax rate is not a minimum rate.

2.   Provide for scope of application.

3.   Make technical changes.

CODING: Words in ~~struck through~~ type are deletions from existing law; words <u>underscored</u> are additions.