

MEGA Changes Reporting Rules

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The Michigan Economic Growth Authority (MEGA) recently revised its policy on how certain companies receiving job creation or retention credits should report their health plan costs when calculating their MEGA Credit. This change, spearheaded by Warner Norcross & Judd's Economic Incentives Group, allows self-insured companies to avoid potential HIPAA violations that could have resulted in fines of up to \$1.5 million.

MEGA has come up with a new calculation that is consistent with the MEGA Act, but which also allows self-insured employers to include their employer-paid health-care costs to calculate their MEGA Credit. The Michigan Economic Development Corporation (MEDC) is preparing an audit tool to track the employer-paid costs under this new system. For now, the MEDC will accept an affidavit from the health-care plan administrator identifying the total amount attributable to qualified new or retained employees, and certifying that only eligible expenses have been included in the calculation.

Eligible employer-paid health-care costs include:

- All costs paid for self-insured health care benefit plans
- Costs and expenses incurred for hospital, medical or surgical policies or certificates
- Costs for non-profit health corporation certificates
- Health maintenance contracts
- Stop loss and administrative fees
- Prescription coverage, so long as it is not part of a health savings account
- Vision coverage

Non-eligible employer-paid health-care costs include:

- Accident only, credit, dental or disability insurance
- Long-term care insurance
- Coverage issued as a supplement to liability insurance
- Coverage only for a specified disease or illness
- Workers' compensation or similar insurance
- Automobile medical payment insurance
- Contributions to health savings accounts, flexible spending accounts or similar accounts

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If you have questions about the new policy or any other economic incentive provided by the state of Michigan, please contact Economic Incentives Group Co-Chair Kurt Brauer (kbrauer@wnj.com or 248.784.5182) or any other member of the group at Warner Norcross & Judd.

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