



## Legislative Issue Brief

### *MinnesotaCare Tax Carve Out*

1. The MinnesotaCare Tax was implemented in 1992 to fund MinnesotaCare, a subsidized healthcare program for low-income Minnesotans.
2. While the **MCA supports MinnesotaCare and the enrollees it serves**, having a tax on small healthcare entities, which places them on par with larger institutions, is not the right solution.
3. Minnesota is the only state to tax all 19 federally defined provider classes. Furthermore, **no other state imposes a provider tax on chiropractic services**. Most other states limit these taxes to large institutions (e.g., hospitals and nursing facilities), not to small, community-based practices.
4. As of January 1, 2026, with the elimination of the chiropractic benefit under MinnesotaCare and Medical Assistance, chiropractic doctors are now the only health care providers in the state that pay the MinnesotaCare tax without receiving any substantive benefit for their patients.
5. **It's the position of the MCA that chiropractic services should be exempted from the MinnesotaCare tax if the chiropractic benefit is not reinstated.**

For additional information, please get in touch with Mr. Cody Holliday, lead lobbyist for the Minnesota Chiropractic Association, at [cholliday@fredgov.com](mailto:cholliday@fredgov.com)

## Testimony in Support of HF 4048 – Exempting Chiropractors from the Minnesota Provider Tax

Chair and Members of the Committee,

My name is Dr. Paul Osterbauer, and I am a practicing chiropractor in Minnesota. I appreciate the opportunity to provide testimony in support of HF 4048 (Robbins), which would exempt chiropractors from the Minnesota provider tax that funds MinnesotaCare.

Minnesota's provider tax, administered by the Minnesota Department of Revenue, is a tax on **gross patient care revenue rather than profit**. Because it is assessed before expenses are deducted, it functions as a **regressive tax on small, community-based healthcare practices** like chiropractic clinics. Independent clinics must pay this tax regardless of operating margin while also absorbing increasing costs for staff, facilities, malpractice coverage, and regulatory compliance.

Unlike large integrated health systems that can distribute overhead across extensive networks, many chiropractic clinics operate as **small businesses serving local communities**. A gross-receipts tax therefore places a disproportionate burden on these smaller providers.

Chiropractic care provides **cost-effective, non-pharmacologic management of musculoskeletal pain**, which aligns with statewide efforts to reduce opioid reliance, unnecessary imaging, and more expensive downstream care. Maintaining access to conservative spine care supports patient function, work participation, and overall healthcare value.

Exempting chiropractors from the provider tax under HF 4048 (Robbins) would reduce a regressive tax burden on small healthcare providers while helping preserve patient access to affordable, conservative care across Minnesota.

I respectfully urge the Minnesota Legislature to support this proposal.

Thank you for your time and consideration. 🙏

Regards,

Paul J. Osterbauer, DC, MPH

Lexington Square Chiropractic Center, PLLC

4137 Woodland Rd.

Circle Pines, MN 55014

Ph. 763-784-5304 Fax: 763-784-5349

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