

HOUSE RESEARCH

Bill Summary

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Overview

Article 1 of this bill eliminates the one percent premium tax on nonprofit health plan companies and the MinnesotaCare provider taxes, effective July 1, 1999, and transfers money from the tobacco settlement from the general fund to the health care access fund. Article 2 of this bill makes conforming changes.

Section

Article 1

Use of Tobacco Settlement Proceeds; Repeal of MinnesotaCare Taxes

- 1 Domestic and foreign companies.** Amends § 60A.15, subd. 1. Eliminates the one percent tax on HMO, community integrated service network, and nonprofit health service plan premiums. This section is effective July 1, 1999. (Under current law, these entities are exempt from the one percent tax through December 31, 1999, if they have met cost containment goals in the individual and small employer markets. For future years, the tax will not be imposed if the commissioner of finance determines that there will be no structural deficit in the health care access fund for the next fiscal year. If a deficit is projected, the tax is reinstated in 1/4 percent increments.)
- 2 Transfer of tobacco settlement proceeds to health care access fund.** (a) For FY 2000, transfers \$155 million of the proceeds of the tobacco settlement from the general fund to the health care access fund.
(b) For FY 2001, transfers \$192.6 million of the proceeds of the tobacco settlement from the general fund to the health care access fund.
(c) Defines "tobacco settlement" as the consent judgement between the state and Phillip Morris Inc.
- 3 Repealer; MinnesotaCare provider tax.** Repeals the MinnesotaCare provider taxes, effective July 1, 1999. (Under current law, the MinnesotaCare provider tax is 1.5 percent for CY 1999 and can remain at this reduced level for an additional two years if the commissioner of finance

determines that the structural balance for the health care access fund will remain positive for FY 2001. If the commissioner determines that the structural balance will be negative, the tax reverts to its normal rate of 2.0 percent.)

4 **Effective date.** States that sections 1 to 3 are effective July 1, 1999.

Article 2

Conforming Changes

1 **Definitions.** Amends § 62J.041, subd. 1. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.

2 **Exemption.** Amends § 62Q.095, subd. 6. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.

3 **Taxes and assessments.** Amends § 62R.24. Makes a technical change related to elimination of the one percent premium tax.

4 **Board cooperation required.** Amends § 214.16, subd. 2. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.

5 **Grounds for disciplinary action.** Amends § 214.16, subd. 3. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.

6 **Minnesota tax laws.** Amends § 270B.01, subd. 8. Makes a technical change related to elimination of the MinnesotaCare provider taxes.

7 **Disclosure to commissioner of human services.** Amends § 270B.14, subd. 1. Makes a technical change related to elimination of the MinnesotaCare provider taxes.

8 **Repealer.** Repeals sections 13.99, subd. 86 (data privacy reference to chapter 295), 62T.10 (premium tax and accountable provider networks) and 144.1484 (grants to hospitals at-risk due to the provider tax).

9 **Effective date.** Provides that sections 1 to 8 are effective July 1, 1999.