

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 126

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Version: As introduced

Authors: Erhardt and others

Subject: Repeal of Health Care Provider Taxes

Analyst: Joel Michael, 651-296-5057

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Overview

This bill phases out the health care provider taxes in two steps. The rate is reduced by one-half effective July 1, 1999 and repealed effective July 1, 2000. The bill does not specify how the MinnesotaCare programs will be funded after the repeal.

- 1 Conforming change.** Provides that references to the provider taxes in health care cost containment chapter are tied to the 1998 statutes, since the bill repeals the provider taxes.
- 2 Conforming change.** Adds a definition of staff model health plan company, since the cross reference to the definition in the provider tax is repealed by the bill.
- 3 Conforming change.** Eliminates the requirement that various health licensing boards assist the Commissioner of Revenue in activities related to the provider tax, since the bill repeals the provider tax.
- 4 Conforming change.** Eliminates failure to comply with the provider tax as grounds for discipline by various health licensing boards, since the bill repeals the provider tax.
- 5 Conforming change.** Eliminates references to the health care provider taxes that are repealed.
- 6 Conforming change.** Ties references to the health care provider taxes to the 1998 statutes, since these sections are repealed.
- 7 Hospital tax.** Reduces the rate of the hospital tax from 1.5 percent to 0.75 percent.
- 8 Surgical center tax.** Reduces the rate of the surgical center tax from 1.5 percent to 0.75 percent.
- 9 Provider tax.** Reduces the rate of the health care provider tax from 1.5 percent to 0.75 percent.
- 10 Wholesale drug distributor tax.** Reduces the rate of the wholesale drug distributor tax from 1.5 percent to 0.75 percent.
- 11 Repealer.** Repeals the authority to increase the health care tax rates from 1.5 percent to 2 percent, effective July 1, 1999, and the health care taxes generally, effective July 1, 2000.
- 12 Effective date.** Provides the rate changes are effective on July 1, 1999 and the repeal of the

taxes is effective July 1, 2000.