

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 311

DATE: February 17, 1999

Version: As introduced

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Subject: MinnesotaCare Taxes

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Overview

This bill eliminates the one percent tax on nonprofit health plan companies effective July 1, 1999, phases-out the MinnesotaCare provider taxes over two years, repeals the health care access fund effective July 1, 1999, and makes conforming changes. The substantive sections of the bill are sections 1, 7, and 10 to 13.

- 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 Definitions.** Amends § 62J.041, subd. 1. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.
- 3 Exemption.** Amends § 62Q.095, subd. 6. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.
- 4 Taxes and assessments.** Amends § 62R.24. Makes a technical change related to elimination of the one percent premium tax.
- 5 Board cooperation required.** Amends § 214.16, subd. 2. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.
- 6 Grounds for disciplinary action.** Amends § 214.16, subd. 3. Makes a technical change related to the elimination of the MinnesotaCare provider taxes.
- 7 Financial management.** Amends § 256L.02, subd. 3. Modifies a section of law dealing with financial management of the MinnesotaCare program, to reflect the elimination of the health

care access fund. Requires the commissioner of human services, when comparing future MinnesotaCare program expenditures to appropriations, to assume that appropriations for the current biennium will be increased by the CPI for the following biennium.

- 8 Minnesota tax laws.** Amends § 270B.01, subd. 8. Makes a technical change related to elimination of the MinnesotaCare provider taxes.
- 9 Disclosure to commissioner of human services.** Amends § 270B.14, subd. 1. Makes a technical change related to elimination of the MinnesotaCare provider taxes.
- 10 Tax reduction.** Amends § 295.52, subd. 7. Reduces the MinnesotaCare provider taxes from the current 1.5 percent of gross revenues to 1.0 percent for CY 1999, 0.5 percent for CY 2000, and zero in CY 2001 and beyond. (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.)
- 11 Repeal of health care access fund.** Transfers money from the health care access fund to the general fund and provides a revisor's instruction.
- Subd. 1. Transfer to general fund.** Upon repeal of the health care access fund, requires the commissioner of finance to transfer any remaining funds to the general fund, and provides that the health care access fund becomes part of the general fund.
- Subd. 2. Revisor's instruction.** Directs the revisor to substitute "general fund" for "health care access fund" in the next edition of statutes.
- 12 Repealer.** (a) Repeals the laws establishing and governing the MinnesotaCare provider taxes (Chapter 295).
- (b) Repeals sections 13.99, subd. 86 (data privacy reference to chapter 295) and 144.1484 (grants to hospitals at-risk due to the provider tax).
- (c) Repeals sections 16A.724, 16A.76 (health care access fund), and 256L.02, subd. 4 (reference to transfer from the health care access fund).
- 13 Effective date.** Specifies effective dates. The repeal of the one percent premium tax on nonprofit health plans and the repeal of the health care access fund are effective July 1, 1999. The repeal of the MinnesotaCare provider taxes is effective for gross revenues received after December 31, 2000.