

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 596

DATE: February 17, 1999

Version: As introduced

Authors: Solberg and others

Subject: Repeal of Health Care Provider Taxes

Analyst: Joel Michael, 651-296-5057

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill repeals the health care provider taxes effective July 1, 1999. It provides for deposit of the tobacco settlement moneys received after July 1, 1999 in the health care access fund, except for the \$10 million annual payments through June 1, 2007. In addition, the \$4 million limit on the senior prescription drug program is eliminated.

Article 1

Use of Tobacco Settlement Proceeds; Repeal of MinnesotaCare Taxes

Section

- 1 Tobacco settlement payments.** Deposits the tobacco settlement payments (after July 1, 1999) in the health care access fund. The \$10,000,000 annual payments through June 1, 2007 are deposited in a national research account, however.
- 2 Premiums tax on HMOs and nonprofits.** Repeals the 1% insurance premiums tax on health maintenance organizations (HMOs) and nonprofit health service plan corporations (such as Blue Cross). Under present law, this tax does not apply to HMOs and nonprofit health service plan corporations that have cost containment plans in effect. It may be imposed in the future, if the Commissioner of Finance finds that there will be a deficit in the health care access fund.
- 3 Senior drug program.** Repeals the \$4 million limit on the cost of the senior drug program.
- 4 Report on expanding senior drug program.** Directs the commissioner of human services to report to the legislature by January 15, 2000 recommendations and draft legislation to:
 - Expand eligibility for the senior drug program to include all seniors without prescription drug coverage
 - Establish sliding fee premiums for the program based on enrollee income.The report is also to include estimates of the cost of these changes.

- 5 **Repeal of health care taxes.** Repeals the health care provider and the wholesale drug distributor taxes.
- 6 **Effective date.** Provides a July 1, 1999 effective date.

Article 2

Conforming Changes

- 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 a reference to the premium tax, since it is repealed by the bill.
- 4 **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.
- 5 **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.
- 6 **Conforming change.** Eliminates references to the health care provider taxes that are repealed.
- 7 **Conforming change.** Ties references to the health care provider taxes to the 1998 statutes, since these sections are repealed.
- 8 **Repealer.** Repeals the data practices provisions relating to the health care provider taxes and the health care access fund and the reserve for the health care access fund.
- 9 **Effective date.** Provides the changes are effective July 1, 1999.