HOUSE RESEARCH

Bill Summary

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Overview

This bill credits one-time and ongoing tobacco settlement payments to the health care access fund, eliminates the MinnesotaCare provider tax and premium tax on nonprofit health plan companies on a contingent basis, and requires health plan company premium rates to reflect savings resulting from the elimination of the taxes.

Section

1 **Tobacco settlement revenues.** Adds § 16A.725. Transfers one-time and ongoing tobacco settlement payments to the health care access fund.

Subd. 1. One-time payments. Requires the one-time tobacco settlement payments received on January 2, 2002 and January 2, 2003 to be credited to the health care access fund.

Subd. 2. Ongoing payments. Requires the ongoing tobacco settlement payments to be credited to the health care access fund, beginning with the payment due December 31, 2001.

2 **Pass-through of savings to consumers.** Adds § 62Q.48. Requires health plan company premium rates to reflect savings from elimination of the MinnesotaCare provider tax and the one percent provider tax.

Subd. 1. Premiums to reflect savings. Requires health plan company premium rates to reflect all savings resulting from the contingent elimination of the MinnesotaCare provider tax and the contingent elimination of the tax on nonprofit health plan companies.

Subd. 2. Documenting compliance. Requires health plan companies to annually submit documentation indicating compliance.

Subd. 3. Enforcement. Allows the commissioners of health and commerce to take enforcement action against health plan companies for noncompliance, and allows a health plan company to appeal a commissioner's order through a contested case hearing.

3 **Contingent elimination of tax.** Amends § 295.52, by adding subd. 8. Requires the

commissioner of revenue to establish MinnesotaCare provider tax rates for calendar years beginning on or after January 1, 2002, based on determinations made by the commissioner of finance regarding the balance of the health care access fund. Requires the commissioner of finance, on September 1, 2001 and each September 1 thereafter, to determine the balance of the health care access fund for the fiscal year beginning the following July 1. If there is no deficit projected, no taxes shall be imposed for the calendar year that begins immediately following that September. If a deficit is projected, the tax shall be reinstated in one-quarter of one percent increments up to two percent, using the lowest of the rates necessary to eliminate the deficit. Requires the commissioner of revenue to publish each October 1 the amount of the tax for the following calendar year. In determining the balance of the fund, requires the commissioner of finance to take into account any revenues resulting from an increase in the one percent premium tax.

4 **Health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks.** Amends § 297I.05, subd. 5. Requires the commissioner of finance to establish nonprofit health plan company premium tax rates for calendar years beginning on or after January 1, 2003, based on determinations made by the commissioner regarding the balance of the health care access fund. Requires the commissioner, on September 1, 2002 and each September 1 thereafter, to determine the balance of the health care access fund for the fiscal year beginning the following July 1. If there is no deficit projected, no tax shall be imposed for the calendar year that begins immediately following that September. If a deficit is projected, the tax shall be reinstated in one-quarter of one percent increments up to one percent, using the lowest of the rates necessary to eliminate the deficit. Requires the commissioner of finance to publish each October 1 the amount of the tax for the following calendar year. In determining the balance of the fund, requires the commissioner of finance to not count revenues resulting from any increases of the MinnesotaCare provider tax.

5 **Repealer; federal reserve.** Repeals the federal contingency reserve within the health care access fund.