

# HOUSE RESEARCH

## Bill Summary

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### Overview

Article 1 of this bill repeals the MinnesotaCare provider tax, the one percent and two percent health insurance premium taxes, the MCHA assessment, and the hospital and HMO surcharges. The bill requires annual and one-time tobacco settlement payments to be deposited into the health care access fund, and requires health plan companies to pass on to consumers all savings from the tax elimination. Article 1 also requires Minnesota Care program costs to be forecasted and recognized in the fund balance and repeals the health care access fund, if expenditures for the program are projected to exceed available funding. Article 2 makes conforming changes.

### Section

#### Article 1

##### Repeal of MinnesotaCare Taxes; Use of Tobacco Settlement Proceeds

- 1 **Allocation of losses.** Amends § 62E,11, subd. 5. Requires losses of the Minnesota Comprehensive Health Association (MCHA) to be paid for through an appropriation from the state treasury, rather than through health plan company assessments.
- 2 **Pass-through of savings to consumers.** Adds § 62Q.752. Requires health plan companies to pass on to consumers all savings resulting from elimination of the specified health care taxes.
  - Subd. 1. Reduced premiums.** Requires health plan companies to pass on to consumers, in the form of reduced premium rates, all savings resulting from the repeal of the MinnesotaCare provider tax, premium taxes, MCHA assessments, the HMO surcharge, and the hospital surcharge.
  - Subd. 2. Documenting compliance.** Requires health plan companies to include, with their annual renewals, 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 **Payments into the account.** Amends § 256.9657, subd. 4. Makes conforming changes related to the elimination of the hospital and HMO surcharges.

4 **Use of tobacco settlement proceeds.** Adds § 256L.021. Requires the commissioner of finance to deposit annual tobacco settlement payments into the health care access fund, beginning with the annual payment due December 31, 2001, and to deposit the one-time payments due on January 2, 2002 and January 2, 2003.

5 **MinnesotaCare program financial management.** Adds § 256L.022. Requires MinnesotaCare program costs to be forecasted and recognized in the fund balance, if expenditures are projected to exceed available funding.

**Subd. 1. Forecasting funds.** Specifies that the MinnesotaCare program is not an entitlement and prohibits the commissioner from spending more funds than the amount appropriated. Requires the total projected costs of the program to be forecasted and recognized in the fund balance.

**Subd. 2. Determination by commissioner.** Requires the commissioner of human services, as part of each forecast, to assess expected MinnesotaCare program expenditures and funding, and to implement subdivision 1 if projected expenditures exceed projected available funds for a biennium, effective the first day of that biennium.

**Subd. 3. Contingent applicability.** States that subdivision 1 is effective only if the commissioner of human services makes a determination that projected MinnesotaCare program expenditures will exceed available funding. If this determination is made, provides that subdivision 1 is effective on the first day of the biennium for which the commissioner makes the determination.

6 **Domestic and foreign companies.** Amends § 297I.05, subd. 1. Exempts from the two percent insurance premium tax premiums received for health plans, and premiums for dental or vision coverage, blanket accident and sickness insurance, long-term care policies, Medicare supplement policies, and coverage issued solely as a companion to an HMO contract.

7 **Contingent repealer; health care access fund.** Repeals the health care access fund, if MinnesotaCare program expenditures are projected to exceed available funding.

**Subd. 1. Repealer.** Repeals sections 16A.724 (establishment of health care access fund), 256L.02, subdivision 4 (requirement that the cost of services provided to certain MinnesotaCare enrollees be paid for out of general fund), and 295.581 (prohibition on non-MinnesotaCare transfers from health care access fund).

**Subd. 2. Transfer to general fund.** Upon repeal of the health care access fund, requires the commissioner of finance to transfer any funds in the health care access fund to the general fund. Specifies that the health care access fund is combined with and becomes part of the general fund.

**Subd. 3. Contingent effective date.** States that the section is effective only if the commissioner of human services makes a determination under section 256L.022 that projected MinnesotaCare program expenditures will exceed available funding. If this determination is made, provides that the section is effective on the first day of the biennium for which the commissioner makes the determination.

8 **Repealer.**

**Subd. 1. Federal reserve; financial management.** Repeals the federal reserve requirement for the health care access fund, and financial management requirements for the MinnesotaCare program, effective July 1, 2001.

**Subd. 2. MinnesotaCare provider tax.** Repeals the MinnesotaCare provider tax, effective July 1, 2001.

**Subd. 3. MCHA assessment.** Repeals language authorizing MCHA assessments against health plan companies, effective July 1, 2001.

**Subd. 4. Provider surcharge.** Repeals the hospital and HMO surcharges, effective July 1, 2001.

**Subd. 5. Nonprofit health plan company premium tax.** Repeals the 1 percent tax on nonprofit health plan company premiums, effective July 1, 2001.

9 **Effective dates.** Specifies effective dates.

## **Article 2 Conforming Changes**

1 **Exemption.** Amends § 62Q.095, subd. 6. Reinstates a definition of staff model health plan company that would otherwise be repealed as a result of the elimination of the MinnesotaCare provider tax.

2 **Board cooperation required.** Amends § 214.16, subd. 2. Strikes language requiring the health-related boards to provide assistance to the commissioner of revenue in collecting the MinnesotaCare provider tax.

3 **Grounds for disciplinary action.** Amends § 214.16, subd. 3. Strikes language requiring health-related boards to take disciplinary action in cases of a provider's failure to pay the health care provider tax or provide related information to the commissioner of revenue.

4 **Minnesota tax laws.** Amends § 270B.01, subd. 8. Strikes references to the MinnesotaCare provider tax.

5 **Disclosure to commissioner of human services.** Amends § 270B.14, subd. 1. Makes conforming changes related to repeal of the MinnesotaCare provider tax.

6 **Repealer.** Repeals a data classification provision related to the MinnesotaCare provider tax (§ 13.4967, subd. 3), a requirement that accountable provider networks pay the MCHA assessment (§ 62T.09), a requirement that accountable provider networks pay the premium tax (§ 62T.10), and a grant program providing assistance to hospitals that would otherwise close as a direct result of the provider tax (§ 144.1484, subd. 2).

7 **Effective date.** States that sections 1 to 6 are effective July 1, 2001.