HOUSE RESEARCH

Bill Summary

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Subject: Contingent Reduction in Provider Tax

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Overview

This bill requires the commissioner of management and budget to reduce the MinnesotaCare provider taxes and the one percent tax on the premium revenue of nonprofit health plan companies, if projected health care access fund revenues, plus any projected balance, exceeds 125 percent of projected fund expenditures. The MinnesotaCare provider tax rate is two percent of gross revenues and applies to health care providers, hospitals, surgical centers, and wholesale drug distributors. Revenues from the provider tax and the tax on nonprofit health plan premiums are deposited into the health care access fund.

1 **Contingent reduction in tax rate.** Amends § 295.52, by adding subd. 8. (a) Requires the commissioner of management and budget, on July 1 of each year beginning in July 1, 2011, to determine the projected revenues and expenditures from the health care access fund for the tax year beginning the following January 1, based on the February forecast and any session changes.

(b) If the commissioner determines that projected revenues for the following tax year plus any projected balance exceed 125 percent of projected health care access fund expenditures, the commissioner, in consultation with the commissioner of revenue, must reduce MinnesotaCare provider tax rates effective on January 1 of the following year, so that projected revenues in the following tax year plus any projected balance from the previous June 30 equal 125 percent of projected expenditures.

(c) Requires the dollar value of the rate reduction to be proportional to the share of total health care access fund revenue raised by the MinnesotaCare taxes. Requires this rate reduction to be coordinated with the rate reduction in the tax on nonprofit health plan company premiums.

2 **Health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks.** Amends § 297I.05, subd. 5. A new paragraph (c) requires the commissioner of management and budget, on July 1 of each year beginning in July 1, 2011, to determine the projected revenues and expenditures from the health care access fund for the tax year beginning the following January 1, based on the February forecast and any session changes.

A new paragraph (d) provides that if the commissioner determines that projected revenues for the following tax year plus any projected balance exceed 125 percent of projected health care access fund expenditures, the commissioner, in consultation with the commissioner of revenue, must reduce the tax rate on nonprofit health plan company premiums effective on January 1 of the following year, so that projected revenues in the following tax year plus any projected balance from the previous June 30 equal 125 percent of projected expenditures.

A new paragraph (e) requires the dollar value of the rate reduction to be proportional to the share of total health care access fund revenue raised by the premium tax. Requires this rate reduction to be coordinated with the rate reduction in the MinnesotaCare provider tax.