

HOUSE RESEARCH

Bill Summary

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Overview

This bill would consolidate several health insurance related taxes and assessments and collect them from health care providers as an addition to, and in the same manner as, the 2 percent health care provider tax is collected now. The bill applies to revenues collected on and after January 1, 2013.

- 1 **Allocation of losses.** Would require the assessments made by the state's health insurance high-risk pool (the Minnesota Comprehensive Health Insurance Association) to be collected by the Department of Revenue from health care providers as part of an expanded tax on health care provider revenues under section 6 of this bill. Currently, the MCHA assessment is collected by MCHA as an assessment on its members, which are health insurance companies (including HMOs and Blue Cross). The assessments cover the difference between the premiums MCHA collects from its enrollees and what MCHA pays for health care provided to MCHA enrollees plus MCHA's administrative costs.
- 2 **Member assessments.** In connection with section 1, permits MCHA to continue to make interim assessments on its members (insurers) if necessary to have the cash-flow needed to pay claims promptly. MCHA would repay the interim assessments when it receives the payments collected by the Department of Revenue under section 6.
- 3 **Surcharge on HMOs and community integrated service networks.** Requires the Medical Assistance surcharge (6/10ths of 1 percent of revenues) currently imposed on health maintenance organizations to be instead collected by the Department of Revenue as an addition to the health care provider tax.
- 4 **Domestic and foreign companies.** Would collect the current two-percent premium tax on for-profit insurance companies as part of the expanded health care provider tax. This would apply only to the health insurance portion of the insurance industry's business and would not apply to other lines of insurance, such as life, homeowner's, auto, business, and other types of insurance.
- 5 **Health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks.** Provides that the 1-percent premium tax currently imposed on the types of insurers listed in the title would be collected as part of an expanded health care provider tax under section 6 of this bill. This section would apply to HMOs and Blue Cross. There are currently no

community integrated service networks operating in the state.

- 6** **Combined health care sales tax.** Requires the Department of Revenue to collect the assessments and taxes listed in this bill as an expansion of the current 2 percent tax collected by the department. Requires the Department of Revenue to distribute the proceeds so as to provide the entities specified in earlier sections of this bill with the same revenue they are now receiving from their separate sources.