

Subject Premium tax – health maintenance organizations

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Overview

H.F. 1000 would impose the premium tax on the gross premiums of for-profit Health Maintenance Organizations (HMOs) at the rate of two percent. Nonprofit HMOs would continue to be taxed at the one percent rate, which currently applies to all HMOs. (A 2017 change in state law allows an HMO to be organized as a for-profit entity.) All proceeds from the tax on for-profit HMOs would continue to be deposited in the health care access fund that finances the MinnesotaCare program.

The changes to the premium tax rate for for-profit HMOs is effective for premium tax returns due in 2022.

Summary

Section	Description
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| 1 | <p>Administrative expenses.</p> <p>Updates a cross-reference to conform to the changes made in sections 3 and 5.</p> <p>Effective date: Day following final enactment.</p> |
| 2 | <p>Deposit of revenues and payment of refunds; MinnesotaCare tax.</p> <p>Eliminates a duplicative requirement that the premium tax on health insurers be deposited in the health care access fund, which is also required in section 2971.05, subdivision 5. Section 3 requires that the premium tax collected from for-profit HMOs be deposited in this same fund.</p> <p>Effective date: Day following final enactment.</p> |

Section	Description
3	<p>Domestic and foreign companies and for-profit health maintenance organizations; deposit of revenues.</p> <p>Imposes the two percent premium tax rate on for-profit HMOs and requires the proceeds from the tax on these entities to be deposited in the health care access fund.</p> <p>Effective date: Day following final enactment, for premium tax returns due in 2022.</p>
4	<p>Township mutual insurance.</p> <p>Makes a clarifying correction relating to how the premium tax on township mutual insurance companies is determined.</p> <p>Effective date: Day following final enactment.</p>
5	<p>Nonprofit health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks; deposit of revenues.</p> <p>Clarifies that the current one percent premium tax rate on HMOs is imposed only on nonprofit HMOs.</p> <p>Effective date: Day following final enactment, for premium tax returns due in 2022.</p>



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