

# MINNESOTA • REVENUE

## MNCARE TAXES

MA, GAMC, and MNCare Payments

March 19, 2004

	<b>Yes</b>	<b>No</b>
Separate Official Fiscal Note Requested		<b>X</b>
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		<b>X</b>

Department of Revenue  
Analysis of S.F. 2076 (Berglin)

### Revenue Gain or (Loss)

<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
(000's)			

Health Care Access Fund (Negligible) (Negligible) (Negligible) (Negligible)

No effective date specified. Analysis assumes that the proposal would be effective for services provided on or after January 1, 2004.

### **EXPLANATION OF THE BILL**

**Current Law:** Under a law change enacted in 2003, payments received under the medical assistance (MA), general assistance medical care (GAMC), and MinnesotaCare programs are no longer exempt from the MinnesotaCare tax, effective for services rendered on or after January 1, 2004.

**Proposed Law:** This proposal includes language to clarify the intent of the changes made in 2003 for medical assistance, general assistance medical care, and MinnesotaCare Payments. Consistent with the intent of the 2003 changes, the payments listed below will not be subject to tax even if they are made under the medical assistance, general assistance medical care, or MinnesotaCare programs. The services or programs listed were generally exempt under prior law, except for individualized education plans. These changes prevent the imposition of tax on certain payments to contractors who provide services to programs that were exempt previously.

Under the proposal, payments for services provided to the following entities or programs would not be subject to tax: Community residential mental health facilities, children's residential treatment programs, community support programs, family community support programs, community mental health centers, assisted living programs, congregate housing programs, supervised living facilities for persons with mental retardation or related conditions, housing with services establishments, board and lodging establishments providing only custodial services, adult foster homes, day training and rehabilitation services for adults with mental retardation and related conditions, boarding care homes, adult day care centers, and home health agencies.

### **EXPLANATION OF THE BILL (cont.)**

The following services are also excluded from the tax:

- Home and community-based waived services for the elderly, chronically ill children, disabled persons, and mentally retarded persons.
- Home care targeted case management and relocation targeted case management; mental health case management, case management for persons with mental retardation or a related condition, child welfare targeted case management, case management services for vulnerable adults and adults with developmental disabilities, and child welfare targeted case management services.
- Medicare supplemental coverage paid by Medicaid.
- State-operated services.
- Individualized education plans.

### **REVENUE ANALYSIS DETAIL**

- The bill primarily clarifies the 2003 law changes. It has no revenue impact except for the exemption of school district individualized education plans which is estimated to be negligible.

**Number of Taxpayers Affected:** Fewer than ten Individualized Education Plan filers.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)