

MINNESOTA • REVENUE

MINNESOTACARE TAXES Limits to Contracts Between Pharmacies and Health Plans

April 19, 2005

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

Department of Revenue
Analysis of H.F. 2075 (Davids) / S.F. 2187 (Tomassoni)

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
Health Care Access Fund	\$0	\$0	\$0	\$0

Effective August 1, 2005.

EXPLANATION OF THE BILL

Current Law: A hospital, surgical center, health care provider, or pharmacy subject to the 2% MinnesotaCare tax may transfer MinnesotaCare taxes on to health plan companies who pay for health care services on behalf of patients. Wholesale drug distributors may transfer MinnesotaCare taxes to pharmacies. The amount transferred to either pharmacies or to third-party health care purchasers cannot exceed the amount of MinnesotaCare tax paid to the state for the services.

Pharmacies are also subject to MinnesotaCare through the MinnesotaCare use tax on prescription drugs received from any source other than from wholesale drug distributors.

Proposed Law: A contract between a health plan company or a pharmacy benefits manager and a pharmacy cannot prohibit the pharmacy from recovering the additional expenses from MinnesotaCare taxes. Pharmacies may pass on additional fees or charges to the health plan company or its contracted pharmacy benefits manager.

REVENUE ANALYSIS DETAIL

- The amount of MinnesotaCare taxes paid to the state will not be affected.

Number of Taxpayers: None

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

hf2075(sf2187)/hp