

April 23, 2019

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>	<b>X</b>	

Department of Revenue  
Analysis of S.F. 2616 (Abeler) / H.F. 2789 (Morrison)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2020</u></b>	<b><u>F.Y. 2021</u></b>	<b><u>F.Y. 2022</u></b>	<b><u>F.Y. 2023</u></b>
		(000's)		
Health Care Access Fund	\$143,400	\$601,800	\$632,400	\$664,000

Effective January 1, 2020.

**EXPLANATION OF THE BILL**

The bill would create a new tax on health claims. An assessment of 2% is imposed on claims paid by a health plan company or third-party administrator to be collected from the health plan company or third-party administrator. Revenues would be deposited in the Health Care Access Fund for the administration of MinnesotaCare and medical assistance programs. Payments from patients, including cost-sharing payments made as part of health care coverage for the patient, would not be subject to the 2% claims assessment.

**REVENUE ANALYSIS DETAIL**

- The estimates are based on the February 2019 Health Care Access Fund forecast and the Minnesota Health Care Spending: 2015 and 2016 Estimates and Ten-Year Projections report from the Department of Health.
- It is estimated that approximately 15% of health care spending is attributable to payments from patients and the percentage will remain the same for the forecast period.
- It is estimated that approximately 3% of health care spending is attributable to other types of private insurance (disability, worker’s compensation, homeowners’, etc.) and the percentage will remain the same for the forecast period.
- It is assumed that paid claims from federal health insurance programs will not be subject to the claims assessment and that paid claims from state health insurance programs (Medical Assistance and MinnesotaCare) will be subject to the assessment.
- It is assumed that paid claims from self-insured plans will be subject to the assessment.
- Growth rates from the IHS Markit February 2019 forecast for health care services and pharmaceutical products are applied.
- The estimate for fiscal year 2020 is adjusted for partial year impact.

Minnesota Department of Revenue  
Tax Research Division  
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