

Provider Tax Helps Minnesotans Get Care

Since the early 1990s, the state’s tax on health care services has helped more Minnesotans get access to care. This “provider” tax enables individuals who make less than \$16,600 a year, and low-income families get care. It also helps farmers and other self-employed people who buy their own insurance. It even helps community health programs and sustain doctor training, too.

Every time anyone pays for care in Minnesota, the state sets aside 2 percent of the medical bill to help other Minnesotans get care, too. It works no matter how you pay for care or what doctor or nurse you see. This reliable approach helps people get care, lowers the hidden expense of uncompensated care, and leads to better health for everyone.

Court-tested, reliable revenue to improve everyone’s care

The basic idea of paying a little extra to help people get care has worked for decades. It’s a court-tested approach that enables Minnesota to consistently rank as one of the healthiest states in the nation. Federal laws have changed in the last 30 years, but the need for a stable, predictable basis to support care has not.

Without it, revenue from the existing taxes like the tax on HMO premiums won’t be nearly enough. With quick action to repeal the provider tax sunset, the state can still improve:

Access to critical services. Sometimes low payments from public programs makes it hard for people to see professionals who provide vital but hard-to-find health services, like dentistry, family medicine and mental health. We should use tax revenue to help people get care, not build up big balances.

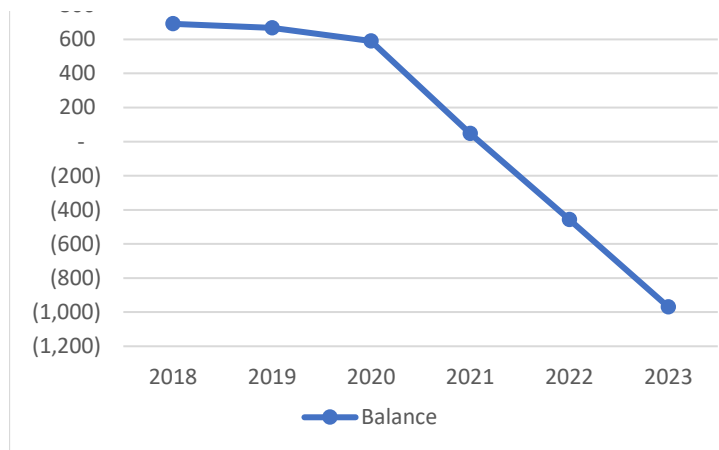
Direct help to people. Use of the fund doesn’t need to be so complex. Let’s clarify that money generated from provider and HMO premium taxes helps people get the care that they need. Eliminate or freeze transfers of money and simplify how we pay for state administrative expenses so it all comes from the General Fund.

Protect state flexibility. Keep helping Minnesotans to get care no matter how federal programs change in the future. Getting care through MinnesotaCare, Medicaid and insurance you buy on your own are all very different than they were in 1992 when the Health Care Access Fund was created. Changes will continue, and individual still need help, so it's more important than ever before for state leaders to be flexible and thoughtful in the actions they take.

It's a tax that makes sense

Back in the 1990s when this tax was designed, it was done so knowing the revenues would keep up with rising medical bills. As the amount of care people received and the price of that care increased, so would money in the Health Care Access Fund. Keeping this tax makes sense—it is a tested, predictable way for all of us to help us all improve health care in Minnesota.

Health Care Access Fund Balance
in \$ millions



Source: Data from November 2018 Minnesota budget forecast