VIEWPOINT

Reinstating the provider tax is just a bad idea

The Legislature will soon meet for a so-called “short” session. But the discussions about the recommendations recently released by the Health Care Financing Task Force will likely be anything but brief.

This task force, convened as a result of a legislative mandate and comprised of representatives appointed by both the Legislature and the governor, was given a broad charge: to increase access to and improve the quality of health care in the state. Among the issues they considered were finding possible alternatives to MNsure, MinnesotaCare financing, delivery redesign and insurance market stability.

After significant work by numerous dedicated individuals, including MMA members, the task force outlined 33 recommendations. The group was required to vote in favor of or against the full set of recommendations, and not individual ones. Many of the recommendations are thoughtful and warrant legislative consideration.

Of particular concern to the MMA, however, is their call for a repeal of the scheduled end of the provider tax in 2019. The MMA has long opposed this tax. The decision by the 2011 Legislature—and signed by Governor Dayton—to sunset the tax in recognition of new funding available through the Affordable Care Act made sense. It still makes sense, despite continued siphoning of “dedicated” funds for new and unexpected uses.

The latest balance sheet for the Health Care Access Fund (HCAF), the fund into which provider tax revenue is deposited, shows that in 2017, it will have a surplus of $586 million. By 2019, the surplus is expected to exceed $1 billion.

If history is any guide, we should all be concerned about how that surplus money will be spent. Past diversion of HCAF funds probably explains why the task force included in its recommendations a call for more stringent guidelines for how that money is used. Unfortunately, all past attempts to restrict spending out of the fund have failed as new programs emerged or budget constraints dictated. Short of a constitutional amendment that dedicates revenue for a defined purpose, the Legislature will use its ability to manage state funds as it sees fit—regardless of earlier promises.

The provider tax has relative advantages to legislators: it is not visible to most taxpayers, it is linked to health care spending growth, and it generates a lot of money (approximately $600 million per year). But the tax is disproportionately paid for by the sick (those who use health care), adds to the cost of health care services, and is increasingly being used to pay for programs that have been financed by the General Fund.

Given that the state has a surplus in its General Fund of $1.8 billion and a growing surplus in the HCAF, I find it shocking that the Legislature would even consider reinstating a tax that was determined in a bipartisan manner to be no longer needed. The MMA is committed to ensuring that the provider tax stays repealed. We are looking at all options to make sure the Legislature follows through on its promise to let this tax die. Contact your legislators and tell them to maintain the repeal of the provider tax and oppose any attempt to bring it back. The provider tax has to go.