



A Fairer and Simpler Way to Collect the Provider Tax

Three decades ago, the Minnesota provider tax was implemented to help fund Minnesota Care, a program designed to make healthcare accessible to low-income Minnesotans. In 2017, MinnesotaCare was spared from elimination and is now on good financial footing.

MPA encourages legislators to rework how the provider tax is collected in a fair and ethical manner without decreasing revenues. MPA advocates for changes in the collection procedure to remove the administrative burden from small healthcare providers, such as psychologists, chiropractors, dentists, and physicians. Under the proposed changes, health insurance companies would pay the Minnesota Department of Revenue (DOR) directly.

This would save small healthcare businesses and independent providers from the current burdensome, inefficient procedure in which insurance companies reimburse healthcare clinics & providers who are currently forced to collect, calculate, and submit provider tax receipts to the DOR. (Psychologists and many small healthcare providers are not able to afford support staff and are thus required to complete this paperwork themselves). Later, these healthcare providers may be reimbursed by the health plans, but not always accurately, adding another administrative burden on these providers. Furthermore, MPA's proposed changes would save small healthcare providers the costly and time-consuming burden of being audited for Provider Tax payments.

To summarize, MPA's proposed changes would:

- Alleviate the tremendous burden on healthcare providers who are currently forced to spend time calculating this tax for DOR and private insurance.
- Increase the amount of time providers can see patients, which is imperative because we do not currently have nearly enough health care providers to care for Minnesotans.
- Help small healthcare providers avoid time-consuming and costly periodic audits by DOR. Many healthcare providers are forced to pay for CPAs and tax lawyers during audits.

The MN Psychological Association, the MN Medical Association, and the MN chiropractic and dentistry professions are in full support. In the past, Governor Walz and Speaker Hortman have expressed their support for alleviating this burden on our healthcare professionals, as well.

The only opposition to these changes has come from the Council of Health Plans with opaque explanations for their resistance.