

April 22, 2025

RE: Support for restoring the health care provider tax to 2% (SF2669)

Dear Chair Rest and Members of the Committee,

We are writing to support restoring the health care provider tax to 2% to strengthen and protect Minnesota's Health Care Access Fund and public health care programs (SF2669-A6, Article 6, Section 22). The state provider tax was enacted over 30 years ago to provide stable funding for MinnesotaCare and our state's commitment to ensuring affordable health care for working families.

As the primary source of revenue for Minnesota's Health Care Access Fund, the provider tax helps thousands of low-income and working families access high-quality health coverage through Medical Assistance (Medicaid) and MinnesotaCare. Over the years, the Health Care Access Fund has allowed the State to maintain and expand health care coverage through economic downturns and shifting federal priorities. As a broad-based tax, it provides critical resources without a significant impact on health care costs and contributes to the health and wellbeing of over one million Minnesotans.

In 2019, the provider tax was reduced 0.4% by the Legislature. In 2024, it was increased by 0.2% in response to shortfalls in the Health Care Access Fund. In neither case did we see health care prices fall or rise as a result.

Today, we are seeing more cost pressure in health care due to demographic changes, rising prices, and other economic factors. We urge state lawmakers to address these challenges with a measured approach that restores the provider tax to its historic 2% level, rather than relying exclusively on cuts to people's care.

Furthermore, as we face great federal funding uncertainty and potentially crippling cuts, we must ensure that we at least return to a baseline level of state funding for Minnesotans across the state.

Please support the restoration of the provider tax to 2% in the Senate Health and Human Services omnibus bill (SF2669).

Signed,

Accord
AFSCME Council 5
AFSCME Council 65
Committee to Protect Health Care
Education Minnesota
Hammer & NER
Health Care for All Minnesota
Health Access MN

ISAIAH

Legal Services Advocacy Project

Minnesota AFL-CIO

Minnesota Brain Injury Alliance

Minnesota Budget Project

Minnesota Coalition for the Homeless

Minnesota Doctors for Health Equity

Minnesota Farmers Union

Minnesota Nurses Association

Minnesota Public Health Association

NAMI-MN

Pro-Choice Minnesota

SEIU Healthcare MN & IA

The Arc Minnesota

Unidos MN