



Tuesday, April 2nd, 2019

Dear Members of the House Health and Human Services Finance Division,

On behalf of Americans for Prosperity activists across Minnesota, I am writing to urge you to vote “No” on HF2414 when it comes before the committee. Health care affordability and access remain top concerns among Minnesota families and businesses. For years, the state legislature has worked to address this problem. Former Gov. Mark Dayton and a Republican legislature agreed to repeal the health care provider tax in 2011, removing unnecessary government-imposed costs from the system.

By reinstating the provider tax, this committee would undo this bipartisan work – and raise \$750 million annually in new taxes on the backs of patients already struggling to afford the care they need. This proposal ignores a simple truth — you can’t make health care more affordable by making health care cost more.

The history of the tax since it was scheduled in 2011 for repeal in 2019 is a case study in accounting gimmicks and budget shell games that highlight the lack of real transparency or accountability in health care funding.

When it was created, the provider tax funded MinnesotaCare, the state’s healthcare program for the working poor. When Obamacare expanded Medicaid to cover more people, Minnesota began using federal funds to pay for 95% of MinnesotaCare. But instead of phasing out the state tax as planned when federal funds became available, the Legislature instead used that money to further expand Minnesota programs. It is important to note, prior to Medicaid expansion, Minnesota already had more generous public programs than other states did even AFTER they expanded under Obamacare. Today, 1 in 5 Minnesotans are now on a government-sponsored program.

Subsequent legislatures then used surpluses within the Health Care Access Fund (HCAF) for additional programs not intended when the tax was first imposed. In effect, Minnesotans have been paying 2% more than they should every time they get sick in order to maintain an off-book slush fund that has been raided time after time for other priorities, to replace general fund spending, or to hide funding and set up accounting gimmicks. By FY19, the HCAF only allocated \$21 million for MinnesotaCare, only a small percentage of the \$530 million program. Today, the revenues from the provider tax covers a grab bag of expenditures, including line items at the University of Minnesota, bureaucrats at the Departments of Health and Human Services and even staff at the Minnesota Legislature.

Before we ask Minnesotans to pay higher taxes on their own health care, we should make sure that we are being accountable for every dollar currently being spent on state programs. Report after report from the Legislative Auditor has identified hundreds of millions of dollars of waste, fraud, and abuse, including benefits going to those who either never were or are no longer eligible. Combined with the projected \$1 billion Minnesota is already over-charging taxpayers, these available funds are more than enough to fund the current commitments to existing programs, ensuring that no Minnesotans need see yet another shift in their care.

The bottom line – we do NOT need the provider tax to fund Minnesota’s current public programs. Rather than funding needed care, it has only facilitated out of control general fund spending.

Thank you for the opportunity to share the concerns behind our opposition to HF2414. Please don’t hesitate to reach out if you have questions, need more information, or if you would like to discuss the issue further.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Flohrs', with a stylized flourish at the end.

Jason Flohrs
State Director
Americans for Prosperity - Minnesota