*****NEWS RELEASE*****

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Let It Expire

Citizens' Council for Health Freedom Says 2% MinnesotaCare Tax Should Not Be Retained or Extended

ST. PAUL, Minn.—For 27 years, medical care providers in Minnesota have been paying a 2% MinnesotaCare tax. It's set to expire on Dec. 31, 2019, and ***Citizens' Council for Health Freedom (CCHF)*** is one of the few organizations calling for its end.

"The provider tax is a 2% gross revenues tax on services provided by physicians, dentists, chiropractors, and other practitioners as well as on hospitals, surgical centers and wholesale drug distributors," said CCHF president and co-founder Twila Brase. "According to the 1992 law, the tax was instituted for the sole purpose of funding the MinnesotaCare program."

Brase also noted that the subject has been contentious among lawmakers. The HHS Conference Committee is meeting on the matter, and only the House has the retention of the tax in their bill.

CCHF State Legislative and Policy Director Matt Flanders wrote an op-ed on the provider tax for Alpha News, where he asked: **"Should you be taxed if you get sick?"**

"Democrats say yes. Republicans say no," Flanders wrote. "Minnesota's Republican leadership wants the 2% MinnesotaCare provider tax to expire at the end of 2019, as scheduled. But Democrats, including Gov. Tim Walz, want to repeal the expiration date and continue taxing the sick.

"Why would legislators want to tax you if you get cancer, are hospitalized after a car accident, need to purchase insulin, suffer a chronic disease, have a baby, or suffer a heart attack?" he further asked. "Many Minnesotans feel medical care is already too expensive. Why would Democrats want it to cost even more? The provider tax is a regressive 2% tax on all medical services. Doctors and hospitals collect it for the government and pass the cost on to the patient. This 'sick tax' has collected billions of dollars since it was enacted 27 years ago."

Based on these facts, ***CCHF*** is sharing five reasons to let the tax expire:

1. The 2019 sunset of the provider tax was agreed to in 2011 as part of negotiations. Its expiration will significantly reduce Health Care Access Fund (HCAF) revenue, which has become a slush fund sustained by taxes on the sick and injured.

2. In FY 2017, the MNcare program was funded by the Federal Basic Health Program Funding (87.8%), Enrollee Premiums and Cost Sharing (9.1%), Federal Share Under Waiver (0.2%), and the **State of Minnesota (2.9%).** Of the $397.2 million spent on MinnesotaCare in FY2017, a minor amount—roughly **$11.5 million**—came from the HCAF.

3. FY 2016 HCAF revenues were $717.6 million, including $598.5 million from the 2% provider tax. General Fund Programs received roughly $682 million and State Agencies received nearly $66 million from the HCAF.

4. According to the 1992 MinnesotaCare and Provider Tax law:
Sec. 21. [FEDERAL WAIVER; HEALTH CARE RELATED TAX.]
The legislature finds that taxes imposed by this article are not subject to or in violation of the restrictions contained in the Social Security Act or other federal law. ***The tax is imposed solely to fund a state program and is not used to pay the state share of medical assistance.***

5. With the majority of MinnesotaCare funding coming from other sources, the sunset of the provider tax should be retained, not repealed. The sunset of this tax will lead to a 2% reduction in costs, reduced administrative burden for practitioners and facilities—and an end to the unfair taxation of patients.

CCHF is also sharing several graphs that illustrate revenue, funding and expenditures in relation to the tax. View diagrams here.

For more information about ***CCHF,*** visit www.cchfreedom.org, its Facebook page or its Twitter feed @CCHFreedom. Also view the **media page for *CCHF* here**. For more about ***CCHF's*** initiative ***The Wedge of Health Freedom***, visit www.JointheWedge.com, ***The Wedge*** Facebook page or follow ***The Wedge*** on Twitter @wedgeoffreedom.