



VERMONT LEGISLATIVE
Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

Issue Brief

Updated 3/11/2024

Nolan Langweil, Principal Fiscal Analyst

Health Care Claims Tax Summary

Summary

The *Health Care Claims Tax* (formerly known as the *health care claims assessment*) is a **0.999%** tax on all health insurance claims paid by health insurers for their Vermont members for the previous fiscal year ending on June 30. Two percent of the revenue goes to the Tax Department for the Tax Software Fund. The rest is split between the General Fund (80%) and Health IT-Fund (20%).

Collection and Administration

- This tax is paid to the Vermont Department of Taxes in one annual installment due by January 1.
- Revenue from 0.8 percent of claims are deposited into the General Fund.
 - Codified at 32 V.S.A. § 10402 in Act 73 of 2013.
 - Act 6 of 2019 (Budget Adjustment) redirected the allocation of revenues from the State Health Care Resources Fund to the General Fund.
- Revenue from 0.199 percent of claims is deposited into Health IT-Fund.
 - Codified at 32 V.S.A. § 10402 in Act 192 of 2008 (Appropriations Big Bill)
- Act 73 of 2013 moved the administration and collection of this tax to the Department of Taxes. The tax was also reconstituted.
 - The *Health Care Claims Assessment* was repealed effective July 1, 2013.¹
 - The *Health Care Claims Tax* took effect on July 1, 2013
- Act 73 of 2013 also expanded the scope of the claims tax to include dental claims.
- 32 V.S.A. § 10301(g) requires the Secretary of Administration or designee to submit an annual report on the receipts, expenditures, and balances of the Health IT-Fund. The most recent report can be found at https://jfo.vermont.gov/assets/Meetings/Joint-Fiscal-Committee/2023-09-27/8520e01772/Annual-Report_Health-IT-Fund_8_2023.pdf

Sunsets and the Health IT-Fund

The claims tax is currently the only source of revenue for the Health IT-Fund. Act 73 of 2013 imposed a sunset on the portion of revenues from the claims tax intended for the Health IT-Fund (0.199% of claims), effective July 1, 2017. Since then, the sunset has been postponed many times for the purposes of revisiting and evaluating the expenditures, goals, and objectives of the Fund. The following are instances when the sunset has been postponed further:

¹ The Health Care Claims Assessment was originally created in Act 45 of 2011.

- Act 73 of 2017 postponed the sunset for one year, until July 1, 2018.
 - It also required the Agency of Human Services (AHS) to conduct a comprehensive review of health information technology in Vermont. This included a review of the need for a State-sponsored Health IT-Fund; how past payments from the Fund have or have not promoted the advancement of health information technology adoption and utilization; the development, approval process, and use of the Vermont Health Information Technology Plan; the Vermont Information Technology Leaders (VTIL) organization; and recommending whether to continue the Health IT-Fund.²
- Act 187 of 2018 postponed the sunset for an additional year, until July 1, 2019.
 - It also required VTIL and the Department of Vermont Health Access to submit several reports to the General Assembly and the Green Mountain Care Board, modified the membership of VTIL's Board of Directors, and put in place provisions to ensure that VTIL and DVHA were working towards implementing the recommendations from the health information technology report submitted in November 2017 as required by Act 73 of 2017.
- Act 71 of 2019 postponed the sunset until July 1, 2021.
- Act 73 of 2021 intended to postpone the sunset until July 1, 2023. Act 83 of 2022 clarified the July 1, 2023 Sunset.
- Act 78 of 2023 postponed the sunset until July 1, 2025.
- The Governor's recommended fiscal year 2025 budget proposal recommends postponing the sunset until July 1, 2026.

Revenues

The following are the revenues (and estimated revenues) from the Health Care Claims Tax as they are deposited into their respective funds.

Health Care Claims Tax - Revenue Summary					
(in millions of dollars)					
Fiscal Year	State Health Care Resources Fund		Fiscal Year	General Fund	
	0.8%	HIT Fund 0.199%		0.8%	HIT Fund 0.199%
2009	-----	\$1.73	2019	\$15.64	\$3.95
2010	-----	\$2.46	2020	\$16.87	\$3.81
2011	-----	\$2.88	2021	\$16.37	\$4.15
2012	\$12.60	\$3.47	2022	\$17.57	\$4.18
2013	\$11.47	\$3.12	2023	\$18.02	\$4.97
2014	\$13.07	\$3.27	Projected 2024	\$21.40	\$4.66
2015	\$13.98	\$3.48	<i>Source: Vermont Tax Department, Agency of Administration.</i>		
2016	\$13.77	\$3.43	<i>and the Agency of Human Services</i>		
2017	\$14.06	\$3.53			
2018	\$15.91	\$3.91			

² The Health Information Technology Report per Act 73 of 2017 can be found at:

<https://legislature.vermont.gov/assets/Legislative-Reports/VT-Evaluation-of-HIT-Activities-FinalReport-Secretary-Signature.pdf>.