

Vermont Legislative Joint Fiscal Office

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Health Care Claims Tax Summary (with the Governor's SFY'18 proposal)

Background

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 its Vermont members for the previous fiscal year ending June 30.

- This tax is paid to the Vermont Department of Taxes in one annual installment due by January 1.
 - **0.8%** of claims are deposited into the State Health Care Resource Fund (SHCRF)
 - Act 45 of 2011 (Misc. Tax Bill) - codified at 32 V.S.A. § 10402
 - **0.199%** of claims are deposited into the Health IT-Fund.
 - Act 192 of 2008 (Appropriations Big Bill) - codified at 32 V.S.A. § 10402
 - Act 73 of 2013 moved the administration and collection of this tax from the Department of Vermont Health Access (DVHA) to the Department of Taxes. The tax was also reconstituted.
 - The *Health Care Claims assessment* was repealed effective July 1, 2013
 - The *Health Care Claims Tax* took effect on July 1, 2013
- **Act 73 of 2013 sunsets the 0.199% for the Health IT-Fund on July 1, 2017.** After that date the claims tax rate will be 0.8% of claims, which will continue to be deposited into the SHCRF.
- Act 73 of 2013 also extended the claims tax to include dental claims.

Revenues

- The following are the revenues (and estimated revenues) from the 0.999% of claims as they are deposited into their respective funds.

Health Claims Tax - Revenue History

Year	State Health Care Resources Fund	HIT Fund
	0.8%	0.199%
SFY 09	-----	\$1,725,506
SFY 10	-----	\$2,462,828
SFY 11	-----	\$2,877,847
SFY 12	\$12,603,108	\$3,467,956
SFY 13	\$11,470,283	\$3,122,199
SFY 14	\$13,073,292	\$3,273,052
SFY 15	\$13,978,648	\$3,479,091
SFY 16	\$13,767,674	\$3,427,185
SFY 17 est.	\$13,905,351	\$3,474,600
SFY 18 est.	\$14,044,404	-----

} = Est. Revenues

Governor's Proposal

Sec.E.300.1 2013 Acts and Resolves No. 73, Sec. 60(10) is amended to read:

(10) Secs. 48-51 (health claims tax) shall take effect on July 1, 2013 and 52 and 53 (health claims sunset) shall take effect on July 1, ~~2017~~ 2018.

- If the sunset is postponed until 2018, the 0.199% assessment is estimated to raise \$3,509,354.