

Hospitals favor higher taxes over budget cuts

by Tom Scheck, Minnesota Public Radio

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With just two weeks before the Legislature is required to finish its work, one of the major disagreements between Gov. Pawlenty and DFLers is the level of spending on health care programs. Today, officials representing two hospitals said the cuts under Gov. Pawlenty's budget plan would harm their care for children. They say the cuts are so severe they're willing to support a tax increase to prevent them.

St. Paul, Minn. — Hospital officials are lobbying in full force against Gov. Pawlenty's proposed cuts to health care. Over the past two weeks, hospital officials have held several press events to describe the impact of those cuts.

"If Children's could no longer provide those treatments and services, I can't tell you for sure that Devin would survive," said Melissa Winger of her 13-year-old son Devin, who receives regular treatment at Children's Hospitals and Clinics.

Winger appeared at a press conference with officials from Children's and Gillette Children's Hospital. She said her son was born with a complex chromosome disorder that's caused 17 medical conditions.



Melissa Winger

He's had more than 40 surgeries and procedures done at Children's. Winger said she'll never give up hope for her son.

"There may a day where somebody might tell me that there's nothing more we can do for Devin. But imagine that statement if it starts, 'Because of budget cuts, there's nothing more we can do for Devin,'" Winger said.

Children's Hospital and Clinics is using Winger's story to illustrate the services that are provided daily at their facilities.

Hospital officials say the governor's budget would cut \$36 million from their budget over the next two years, forcing them to cut back the kind of care they provide to Devin Winger and other patients.

Children's isn't the only hospital facing cuts. The Minnesota Hospital Association says Pawlenty's budget plan would result in direct cuts of \$366 million to hospitals around the state. When federal matching money is factored in, the actual amount lost would be double.

The health care cuts proposed in plans put forward by DFLers in the House and Senate are much smaller -- \$75 million in cuts in the House plan and \$156 million in the Senate plan.

It's no surprise that hospital executives are criticizing the health care cuts. What is surprising is that the Minnesota Hospital Association is willing to support raising taxes on its industry to offset those cuts.

Lawrence Massa, with the Minnesota Hospital Association, said the cuts are so severe that they'd rather pay higher taxes than accept them.

"We would prefer a more broad-based tax, such as a tax on income or sales tax and those kinds of things. But if there has to be new revenues in the budget ... providers are willing to step up and say we're willing to be a part of that," Massa said.

Massa said his organization would support raising the medical provider tax from 2 percent to 3 percent -- which would generate roughly \$250 million a year for the state's health care access fund.. He said his organization would support the plan, provided the extra revenue pays for health care services and not other state programs.

Gov. Pawlenty has proposed eliminating the health care access fund and diverting the money currently generated by the provider tax to the state's general fund.

The Minnesota Hospital Association appears to be alone among health care providers in calling for an increase in the provider tax.

"We would say that if we have to raise taxes, it should be a broad-based tax," said Noel Peterson, with the Minnesota Medical Association.

Peterson said the MMA does not support raising the provider tax. Neither does the Minnesota Dentists Association.

Peterson said the provider tax was created to start MinnesotaCare, a state subsidized health insurance program for low-income Minnesotans. He said increasing the tax, which some critics call the sick tax, would make health care more expensive.

Peterson said a 1 percent increase in the provider tax would increase overall health care costs by \$125 million in Minnesota.

"The money has to come from somewhere, and that's going to be from higher premiums. This makes it even more difficult for small businesses to provide health care for their employees," said Peterson.

It isn't certain whether a higher provider tax will be a part of the overall budget solution. DFL House Speaker Margaret Anderson Kelliher said she's open to the idea, but prefers to focus on a broader tax increase to solve the state's budget problems.

Gov. Pawlenty has said he opposes tax increases of any kind to balance the budget.

http://minnesota.publicradio.org/display/web/2009/05/04/healthcare_provider_tax/