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FISCAL IMPACT REPORT

SPONSOR Heaton DATE TYPED 1/28/2003 HB 80

SHORT TITLE Gross Receipts in Health Provider Contracts SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	NFI	NFI		

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department

SUMMARY

This bill prohibits a provision in health plan contracts that do not allow health care providers to pass on the burden of the gross receipts tax.

FISCAL IMPLICATIONS

TRD reports that there is no fiscal impact associated with this bill: health care providers are liable for payment of the gross receipts tax on taxable receipts.

ADMINISTRATIVE IMPLICATIONS

TRD reports that this bill would have no administrative impact on them.

OTHER SUBSTANTIVE ISSUES

TRD reports the following issues:

1. Some of the impetus behind proposals to provide gross receipts tax deductions or exemptions to health care practitioners stems from the fact that some health plans are said to be refusing to pay the passed-on tax.

2. The department does not require the seller to separately state the gross receipts tax when invoicing for payment. Therefore, some healthcare providers may already be “embedding” the tax in their negotiated rates with health plans.

BT/njw