

CONFIDENTIAL
TAX LEGISLATIVE BILL REVIEW FORM: 2015

Bill Number: S.139 **Name of Bill:** Upon passage will be known as An act relating to health care, previously known as An act relating to pharmacy benefit managers and hospital observation status

Agency/ Dept: Tax **Author of Bill Review:** Devon Green

Date of Bill Review: 05/29/2015 **Related Bills and Key Players:** H.481, Chief and Director of Health Care Reform, GMCB, Tax

Status of Bill: (check one): ☐ Upon Introduction ☐ As passed by 1st body ☒ As passed by both

Recommended Position:

☒ Support ☐ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. *Describe what the bill is intended to accomplish and why.*

- Increases cigarette and other tobacco product taxes, including floor stock, by an amount equivalent to \$0.33 per pack beginning on July 1, 2015 in order to finance health care reform efforts. This will raise \$3.1M. NOTE: These changes do not affect changes in tobacco and cigarette tax from H.489.

2. Is there a need for this bill? *Please explain why or why not.*

- Yes. The money raised through this bill will fund the following:
 - universal primary care study: \$100,000 from General Fund
 - AHEC: \$667,111.00 in Global Commitment funds
 - a funding gap for the Health Care Advocate: \$40,000 from General Fund
 - maintain the cost sharing subsidies at baseline: \$761, 308 from the General Fund
 - allocate funding to the GMCB for the all payer model and VITL: \$60,000 for VITL from Health-IT Fund, unclear funding for GMCB
 - increases to the Blueprint provider payments: \$2,446,075.00 in Global Commitment funds
 - increases to Medicaid primary care provider payments: \$1,000,667 in Global Commitment funds
 - increase to provider payments to "other" providers: \$833,969 in Global Commitment funds
 - increase to home and community based services: \$175,818 in Global Commitment funds
 - Increase Medicaid provider payments to mental health and substance abuse providers: \$111,185 Global Commitment funds

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

- Department will have to start immediately doing outreach on increase in cigarette and tobacco tax.

4. **What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**
- Affects DVHA, GMCB, DAIL, Health Care Reform at AoA, Dept. of Mental Health, DFR. All will likely support.
5. **What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?** *(for example, public, municipalities, organizations, business, regulated entities, etc)*
- Health Care Advocate receives funding. They will support.
 - VITL receives funding and oversight from GMCB.
6. **Other Stakeholders:**
- 6.1 **Who else is likely to support the proposal and why?**
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- 6.2 **Who else is likely to oppose the proposal and why?**
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7. **Rationale for recommendation:** *Justify recommendation stated above.*
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8. **Specific modifications that would be needed to recommend support of this bill:** *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*
- In the floor stock tax language, there are conflicting dates for when the payment is due and when the form must be filed. Under 32 V.S.A. § 7814 (a), the floor stock tax on snuff has the payment due on or before August 25, 2015, while the form is due on or before July 25, 2015. This was also an issue last year, but it did not get fixed in time for this year. For 32 V.S.A. § 7814 (b), the floor stock tax on cigarettes has the payment and form both due on or before July 25.
 - We are asking for payment and returns to be submitted on or before August 25.
9. **Gubernatorial appointments to board or commission?**
- N/A

Secretary/Commissioner has reviewed this document: Mary Peterson **Date:** 06/04/2015