

2015 -- H 6134

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION - FACILITY AND IMAGING SURCHARGES

Introduced By: Representatives Naughton, Shekarchi, Ajello, Regunberg, and Giarrusso

Date Introduced: April 30, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 44-64-2 and 44-64-3 of the General Laws in Chapter 44-64  
2 entitled "The Outpatient Health Care Facility Surcharge" are hereby amended to read as follows:

3 **44-64-2. Definitions. --** The following words and phrases as used in this chapter have the  
4 following meaning:

5 (1) "Administrator" means the tax administrator within the department of revenue.

6 (2) "Gross patient revenue" means the gross amount received on a cash basis by the  
7 provider from all patient care and other gross operating income. However, charitable  
8 contributions, fund raising proceeds, and endowment support shall not be considered "gross  
9 patient revenue."

10 (3) "Net patient services revenue" means the ~~charges~~ amount received related to ~~patient~~  
11 ~~care~~ professional services less (i) charges attributable to charity care, (ii) bad debt expenses, ~~and~~  
12 (iii) contractual allowances, and (iv) charges attributable to medical supplies used within the  
13 outpatient care facility.

14 (4) "Person" means any individual, corporation, company, association, partnership, joint  
15 stock association, and the legal successor thereof.

16 (5) "Provider" means a licensed facility or operator, including a government facility or  
17 operator, subject to a surcharge under this chapter.

18 (6) "Surcharge" means the assessment that is imposed upon net patient revenue pursuant  
19 to this chapter.

1           **44-64-3. Imposition of surcharge -- Outpatient health care facility.** -- (a) For the  
2 purposes of this section, an "outpatient health care facility" means a person or governmental unit  
3 that is licensed to establish, maintain, and operate a free-standing ambulatory surgery center or a  
4 physician ambulatory surgery center or a podiatry ambulatory surgery center, in accordance with  
5 chapter 17 of title 23.

6           (b) A surcharge ~~at a rate of two percent (2.0%)~~ shall be imposed upon the net patient  
7 services revenue received each month by every outpatient health care facility. ~~Every provider~~  
8 ~~shall pay the monthly surcharge no later than the twenty-fifth (25th) day of the month following~~  
9 ~~the month that the gross patient revenue is received. This surcharge shall be in addition to any~~  
10 ~~other authorized fees that have been assessed upon outpatient facilities.~~ as follows:

11           (1) Effective July 1, 2015, a surcharge at a rate of one and one-half percent (1.5%) shall  
12 be imposed upon the net patient services revenue received each month by every outpatient  
13 healthcare facility. Every provider shall pay the monthly surcharge no later than the twenty-fifth  
14 (25<sup>th</sup>) day of the month following the month that the gross patient revenue is received. This  
15 surcharge shall be in addition to any other authorized fees that have been assessed upon  
16 outpatient facilities.

17           (2) Effective July 1, 2016, a surcharge at a rate of one percent (1.0%) shall be imposed  
18 upon the net patient services revenue received each month by every outpatient healthcare facility.  
19 Every provider shall pay the monthly surcharge no later than the twenty-fifth (25<sup>th</sup>) day of the  
20 month following the month that the gross patient revenue is received. This surcharge shall be in  
21 addition to any other authorized fees that have been assessed upon outpatient facilities.

22           (3) Effective July 1, 2017, a surcharge at a rate of one-half percent (0.5%) shall be  
23 imposed upon the net patient services revenue received each month by every outpatient  
24 healthcare facility. Every provider shall pay the monthly surcharge no later than the twenty-fifth  
25 (25<sup>th</sup>) day of the month following the month that the gross patient revenue is received. This  
26 surcharge shall be in addition to any other authorized fees that have been assessed upon  
27 outpatient facilities.

28           (4) Effective July 1, 2018, the surcharge imposed upon the net patient service revenue  
29 under this chapter is hereby repealed.

30           SECTION 2. Sections 44-65-2 and 44-65-3 of the General Laws in Chapter 44-65  
31 entitled "Imaging Services Surcharge" are hereby amended to read as follows:

32           **44-65-2. Definitions.** -- The following words and phrases as used in this chapter have the  
33 following meaning:

34           (1) "Administrator" means the tax administrator within the department of administration.

1 (2) "Gross patient revenue" means the gross amount received on a cash basis by a  
2 provider from all income derived from the provision of imaging services to patients. Charitable  
3 contributions, fundraising proceeds, and endowment support shall not be considered as "gross  
4 patient revenue."

5 (3) "Imaging services" means and includes all the professional and technical components  
6 of x-ray, ultrasound (including echocardiography), computed tomography (CT), magnetic  
7 resonance imaging (MRI), positron emission tomography (PET), positron emission  
8 tomography/computed tomography (PET/CT), general nuclear medicine, and bone densitometry  
9 procedures.

10 (4) "Net patient services revenue" means the ~~charges~~ amount received related to ~~patient~~  
11 ~~care~~ professional services less (i) charges attributable to charity care, (ii) bad debt expenses, ~~and~~  
12 (iii) contractual allowances, and (iv) charges attributable to medical supplies, including contrast  
13 media and radiopharmaceuticals, used for imaging devices.

14 (5) "Person" means any individual, corporation, company, association, partnership, joint  
15 stock association, and the legal successor thereof.

16 (6) "Provider" means any person who furnishes imaging services for the purposes of  
17 patient diagnosis, assessment or treatment, excluding any person licensed as a hospital or a  
18 rehabilitation hospital center or a not-for-profit organization ambulatory care facility, pursuant to  
19 the provisions of chapter 17 of title 23 of the Rhode Island general laws, as amended or not  
20 performing more than two hundred (200) radiological procedures per month. Further, the term  
21 "provider" shall not apply to any person subject to the provisions of chapter 64 of title 44 or to  
22 any person licensed in the state of Rhode Island as a dentist or a podiatrist or a veterinarian.

23 (7) "Surcharge" means the assessment imposed upon net patient revenue pursuant to this  
24 chapter.

25 **44-65-3. Imposition of surcharge.** – (a) A surcharge shall be imposed upon the net  
26 patient revenue received by every provider in each month ~~at a rate of two percent (2.0%). Every~~  
27 ~~provider shall pay the monthly surcharge no later than the twenty fifth (25<sup>th</sup>) day of each month~~  
28 ~~following the month of receipt of net patient services revenue. This surcharge shall be in addition~~  
29 ~~to any other fees or assessments upon the provider allowable by law. as follows:~~

30 (1) Effective July 1, 2015, a surcharge shall be imposed upon the net patient revenue  
31 received by every provider in each month at a rate of one and one-half percent (1.5%). Every  
32 provider shall pay the monthly surcharge no later than the twenty-fifth (25<sup>th</sup>) day of each month  
33 following the month of receipt of net patient services revenue. This surcharge shall be in addition  
34 to any other fees or assessments upon the provider allowable by law.

1           (2) Effective July 1, 2016, a surcharge shall be imposed upon the net patient revenue  
2 received by every provider in each month at a rate of one percent (1.0%). Every provider shall  
3 pay the monthly surcharge no later than the twenty-fifth (25<sup>th</sup>) day of each month following the  
4 month of receipt of net patient services revenue. This surcharge shall be in addition to any other  
5 fees or assessments upon the provider allowable by law.

6           (3) Effective July 1, 2017, a surcharge shall be imposed upon the net patient revenue  
7 received by every provider in each month at a rate of one-half percent (0.5%). Every provider  
8 shall pay the monthly surcharge no later than the twenty-fifth (25<sup>th</sup>) day of each month following  
9 the month of receipt of net patient services revenue. This surcharge shall be in addition to any  
10 other fees or assessments upon the provider allowable by law.

11           (4) Effective July 1, 2018, the surcharge imposed upon the net patient service revenue  
12 under this chapter is hereby repealed.

13           (b) In order to stimulate job growth and advancement, the following credits may be  
14 applied against the remaining amount of the surcharge until its elimination on July 1, 2018:

15           (1) For each new position, a job creation credit of fifty percent (50%) of the employee's  
16 first year wages up to forty thousand dollars (\$40,000) per employee. Employees must be  
17 employed for a minimum of fifty-two (52) consecutive calendar weeks and a minimum of one  
18 thousand forty (1,040) hours. The maximum credit shall be twenty thousand dollars (\$20,000) per  
19 employee.

20           (2) A job advancement credit of fifty percent (50%) of an employee's wage increase  
21 above two percent (2%) up to one thousand dollars (\$1,000) per employee compared to the base  
22 employment wage as of July 1, 2015. The maximum credit shall be one thousand dollars (\$1,000)  
23 per employee.

24           (3) A job training credit of twenty-five percent (25%) for advanced medical imaging  
25 education and training for staff and providers above baseline levels for the fiscal year ending June  
26 30, 2015. Maximum credit of one thousand five hundred dollars (\$1,500) per employee.

27           (4) A new equipment credit of ten percent (10%) for depreciable tangible personal  
28 property and other tangible property, including leasehold improvements, buildings and structural  
29 components of buildings used in the provision of updating diagnostic imaging services to new  
30 imaging technology.

31           SECTION 3. This act shall take effect on July 1, 2015.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TAXATION - FACILITY AND IMAGING SURCHARGES

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1           This act would exempt medical supplies from the outpatient healthcare facility surcharge  
2   and the imaging services surcharge and would reduce the surcharge from two percent (2%) to one  
3   and one-half percent (1.5%) in the first year, then to one percent (1%) in the second year, then to  
4   one-half of one percent (0.5%) in the third year thereafter following the act's effective date and  
5   repealing the surcharge on July 1, 2018. The act would also make available certain tax credits for  
6   new hires, promotions, and training.

7           This act would take effect on July 1, 2015.

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