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## ARTICLE 8

### RELATING TO LICENSING OF HOSPITAL FACILITIES

SECTION 1. Section 23-17-38.1 of the General Laws in Chapter 23-17 entitled “Licensing of Health Care Facilities” is hereby amended to read as follows:

**§ 23-17-38.1. Hospitals – Licensing fee.** – ~~(a) There is imposed a hospital licensing fee at the rate of five and seven hundred forty five thousandths percent (5.745%) upon the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2013, except that the license fee for all hospitals located in Washington County, Rhode Island shall be discounted by thirty seven percent (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the US Department of Health and Human Services of a state plan amendment submitted by the executive office of health and human services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of revenue, and all the administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 13, 2015 and payments shall be made by electronic transfer of monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before June 15, 2015, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2013, and the licensing fee due upon that amount. All returns shall be signed by the hospital's authorized representative, subject to the pains and penalties of perjury.~~

~~(b)~~(a) There is also imposed a hospital licensing fee at the rate of five and eight hundred sixty-two thousandths percent (5.862%) upon the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2014, except that the license fee for all hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the US Department of Health and Human Services of a state plan amendment submitted by the executive office of health and human services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This licensing fee shall be administered and collected by the tax administrator, division of taxation within the department of

1 revenue, and all the administration, collection and other provisions of chapter 51 of title 44 shall  
2 apply. Every hospital shall pay the licensing fee to the tax administrator on or before July 11,  
3 2016 and payments shall be made by electronic transfer of monies to the general treasurer and  
4 deposited to the general fund. Every hospital shall, on or before June 13, 2016, make a return to  
5 the tax administrator containing the correct computation of net patient services revenue for the  
6 hospital fiscal year ending September 30, 2014, and the licensing fee due upon that amount. All  
7 returns shall be signed by the hospital's authorized representative, subject to the pains and  
8 penalties of perjury.

9 (b) There is also imposed a hospital licensing fee at the rate of five and seven hundred  
10 three thousandths percent (5.862%) upon the net patient services revenue of every hospital for the  
11 hospital's first fiscal year ending on or after January 1, 2014, except that the license fee for all  
12 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent  
13 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of  
14 the US Department of Health and Human Services of a state plan amendment submitted by the  
15 executive office of health and human services for the purpose of pursuing a waiver of the  
16 uniformity requirement for the hospital license fee. This licensing fee shall be administered and  
17 collected by the tax administrator, division of taxation within the department of revenue, and all  
18 the administration, collection and other provisions of chapter 51 of title 44 shall apply. Every  
19 hospital shall pay the licensing fee to the tax administrator on or before July 10, 2017 and  
20 payments shall be made by electronic transfer of monies to the general treasurer and deposited to  
21 the general fund. Every hospital shall, on or before June 14, 2017, make a return to the tax  
22 administrator containing the correct computation of net patient services revenue for the hospital  
23 fiscal year ending September 30, 2014, and the licensing fee due upon that amount. All returns  
24 shall be signed by the hospital's authorized representative, subject to the pains and penalties of  
25 perjury.

26 (c) For purposes of this section the following words and phrases have the following  
27 meanings:

28 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,  
29 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on  
30 that license, regardless of changes in licensure status pursuant to § 23-17.14 (hospital  
31 conversions) and §23-17-6 (b) (change in effective control), that provides short-term acute  
32 inpatient and/or outpatient care to persons who require definitive diagnosis and treatment for  
33 injury, illness, disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated  
34 Medicaid managed care payment rates for a court-approved purchaser that acquires a hospital

1 through receivership, special mastership or other similar state insolvency proceedings (which  
2 court-approved purchaser is issued a hospital license after January 1, 2013) shall be based upon  
3 the newly negotiated rates between the court-approved purchaser and the health plan, and such  
4 rates shall be effective as of the date that the court-approved purchaser and the health plan  
5 execute the initial agreement containing the newly negotiated rate. The rate-setting methodology  
6 for inpatient hospital payments and outpatient hospital payments set for the §§ 40-8-  
7 13.4(b)(1)(B)(iii) and 40-8-13.4(b)(2), respectively, shall thereafter apply to negotiated increases  
8 for each annual twelve (12) month period as of July 1 following the completion of the first full  
9 year of the court-approved purchaser's initial Medicaid managed care contract.

10 (2) "Gross patient services revenue" means the gross revenue related to patient care  
11 services.

12 (3) "Net patient services revenue" means the charges related to patient care services less  
13 (i) charges attributable to charity care; (ii) bad debt expenses; and (iii) contractual allowances.

14 (d) The tax administrator shall make and promulgate any rules, regulations, and  
15 procedures not inconsistent with state law and fiscal procedures that he or she deems necessary  
16 for the proper administration of this section and to carry out the provisions, policy, and purposes  
17 of this section.

18 (e) The licensing fee imposed by this section shall apply to hospitals as defined herein  
19 that are duly licensed on July 1, ~~2015~~ 2016, and shall be in addition to the inspection fee imposed  
20 by § 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

21 SECTION 2. This article shall take effect as of July 1, 2016.