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ARTICLE 14

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 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 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 11, 2016 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 13, 2016, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2014, 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 six hundred fifty-two thousandths percent (5.652%) upon the net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2015, 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 U.S. 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

1 administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital
2 shall pay the licensing fee to the tax administrator on or before July 10, 2017, and payments shall
3 be made by electronic transfer of monies to the general treasurer and deposited to the general fund.
4 Every hospital shall, on or before June 14, 2017, make a return to the tax administrator containing
5 the correct computation of net patient-services revenue for the hospital fiscal year ending
6 September 30, 2015 and the licensing fee due upon that amount. All returns shall be signed by the
7 hospital's authorized representative, subject to the pains and penalties of perjury.

8 (b) There is also imposed a hospital licensing fee at the rate of five and six hundred fifty-
9 two thousandths percent (5.652%) upon the net patient-services revenue of every hospital for the
10 hospital's first fiscal year ending on or after January 1, 2016, except that the license fee for all
11 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
12 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of the
13 U.S. Department of Health and Human Services of a state plan amendment submitted by the
14 executive office of health and human services for the purpose of pursuing a waiver of the uniformity
15 requirement for the hospital license fee. This licensing fee shall be administered and collected by
16 the tax administrator, division of taxation within the department of revenue, and all the
17 administration, collection and other provisions of chapter 51 of title 44 shall apply. Every hospital
18 shall pay the licensing fee to the tax administrator on or before July 10, 2018, and payments shall
19 be made by electronic transfer of monies to the general treasurer and deposited to the general fund.
20 Every hospital shall, on or before June 14, 2018, make a return to the tax administrator containing
21 the correct computation of net patient-services revenue for the hospital fiscal year ending
22 September 30, 2016 and the licensing fee due upon that amount. All returns shall be signed by the
23 hospital's authorized representative, subject to the pains and penalties of perjury.

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

26 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,
27 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on
28 that license, regardless of changes in licensure status pursuant to chapter 17.14 of title 23 (hospital
29 conversions) and §23-17-6(b) (change in effective control), that provides short-term acute inpatient
30 and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness,
31 disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated Medicaid
32 managed care payment rates for a court-approved purchaser that acquires a hospital through
33 receivership, special mastership or other similar state insolvency proceedings (which court-
34 approved purchaser is issued a hospital license after January 1, 2013) shall be based upon the newly

1 negotiated rates between the court-approved purchaser and the health plan, and such rates shall be
2 effective as of the date that the court-approved purchaser and the health plan execute the initial
3 agreement containing the newly negotiated rate. The rate-setting methodology for inpatient hospital
4 payments and outpatient hospital payments set for the §§ 40-8-13.4(b)(1)(B)(iii) and 40-8-
5 13.4(b)(2), respectively, shall thereafter apply to negotiated increases for each annual twelve-month
6 (12) period as of July 1 following the completion of the first full year of the court-approved
7 purchaser's initial Medicaid managed care contract.

8 (2) "Gross patient services revenue" means the gross revenue related to patient care
9 services.

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

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

15 (e) The licensing fee imposed by this section shall apply to hospitals as defined herein that
16 are duly licensed on July 1, ~~2016~~ [2017](#), and shall be in addition to the inspection fee imposed by §
17 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

18 SECTION 2. This article shall take effect as of July 1, 2017.