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**ARTICLE 19**

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 fifty-six thousandths percent (5.856%) upon the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2016, 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 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 10, 2018, 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 14, 2018, make a return to the tax administrator containing the correct computation of net patient services revenue for the hospital fiscal year ending September 30, 2016, 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 six percent (6%) upon the net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2017, 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 administration, collection, and other

1 provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax  
2 administrator on or before July 10, 2019, and payments shall be made by electronic transfer of  
3 monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before  
4 June 14, 2019, make a return to the tax administrator containing the correct computation of net  
5 patient-services revenue for the hospital fiscal year ending September 30, 2017, and the licensing  
6 fee due upon that amount. All returns shall be signed by the hospital's authorized representative,  
7 subject to the pains and penalties of perjury.

8 (b) There is also imposed a hospital licensing fee at the rate of six percent (6%) upon the  
9 net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after  
10 January 1, 2017, except that the license fee for all hospitals located in Washington County, Rhode  
11 Island shall be discounted by thirty-seven percent (37%). The discount for Washington County  
12 hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human  
13 Services of a state plan amendment submitted by the executive office of health and human services  
14 for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This  
15 licensing fee shall be administered and collected by the tax administrator, division of taxation  
16 within the department of revenue, and all the administration, collection, and other provisions of  
17 chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator  
18 on or before July 13, 2020, and payments shall be made by electronic transfer of monies to the  
19 general treasurer and deposited to the general fund. Every hospital shall, on or before June 15,  
20 2020, make a return to the tax administrator containing the correct computation of net patient-  
21 services revenue for the hospital fiscal year ending September 30, 2017, and the licensing fee due  
22 upon that amount. All returns shall be signed by the hospital's authorized representative, subject to  
23 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 forth in §§ 40-8-13.4(b) and 40-8-13.4(b)(2),  
5 respectively, shall thereafter apply to negotiated increases for each annual twelve-month (12)  
6 period as of July 1 following the completion of the first full year of the court-approved purchaser's  
7 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  
11 (i) 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, ~~2018~~ [2019](#), 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, 2019.