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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: Senators Gallo, Ruggerio, and Lynch

Date Introduced: February 11, 2015

Referred To: Senate 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 as follows:

8           (1) At a rate of one and one half percent (1½%) of the net patient services revenue for the  
9 period July 1, 2015 through June 30, 2016; and

10           (2) At a rate of one percent (1%) of the net patient services revenue on or after July 1,  
11 2016.

12           Every provider shall pay the monthly surcharge no later than the twenty-fifth (25th) day  
13 of the month following the month that the gross patient revenue is received. This surcharge shall  
14 be in addition to any other authorized fees that have been assessed upon outpatient facilities.

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

17           **44-65-2. Definitions.** -- The following words and phrases as used in this chapter have the  
18 following meaning:

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

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

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

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

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

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

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

10 **44-65-3. Imposition of surcharge.** -- A surcharge shall be imposed upon the net patient  
11 revenue received by every provider in each month ~~at a rate of two percent (2.0%)~~ as follows:

12 (1) At a rate of one and one half percent (1½%) of the net patient services revenue for the  
13 period July 1, 2015 through June 30, 2016; and

14 (2) At a rate of one percent (1%) of the net patient services revenue on or after July 1,  
15 2016.

16 Every provider shall pay the monthly surcharge no later than the ~~twenty-fifty~~ twenty fifth  
17 (25th) day of each month following the month of receipt of net patient services revenue. This  
18 surcharge shall be in addition to any other fees or assessments upon the provider allowable by  
19 law.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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1           This act would exempt medical supplies from the outpatient health care facility surcharge  
2 and the imaging services surcharge and would reduce the surcharge from two percent (2%) to one  
3 and one half percent (1½%) in the first year and then to one percent (1%) in the second year and  
4 thereafter following the act's effective date.

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

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