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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO HEALTH AND SAFETY - LICENSING OF HEALTH CARE FACILITIES

Introduced By: Senator Roger Picard

Date Introduced: March 21, 2019

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

3 **23-17-38.1. Hospitals -- Licensing fee.**

4 (a) There is also imposed a hospital licensing fee at the rate of five and eight hundred
5 fifty-six thousandths percent (5.856%) upon the net patient-services revenue of every hospital for
6 the hospital's first fiscal year ending on or after January 1, 2016, except that the license fee for all
7 hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent
8 (37%). The discount for Washington County hospitals is subject to approval by the Secretary of
9 the U.S. Department of Health and Human Services of a state plan amendment submitted by the
10 executive office of health and human services for the purpose of pursuing a waiver of the
11 uniformity requirement for the hospital license fee. This licensing fee shall be administered and
12 collected by the tax administrator, division of taxation within the department of revenue, and all
13 the administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every
14 hospital shall pay the licensing fee to the tax administrator on or before July 10, 2018, and
15 payments shall be made by electronic transfer of monies to the general treasurer and deposited to
16 the general fund. Every hospital shall, on or before June 14, 2018, make a return to the tax
17 administrator containing the correct computation of net patient-services revenue for the hospital
18 fiscal year ending September 30, 2016, and the licensing fee due upon that amount. All returns
19 shall be signed by the hospital's authorized representative, subject to the pains and penalties of

1 perjury.

2 (b) There is also imposed a hospital licensing fee at the rate of six percent (6%) upon the
3 net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after
4 January 1, 2017, except that the license fee for all hospitals located in Washington County, Rhode
5 Island shall be discounted by thirty-seven percent (37%). The discount for Washington County
6 hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human
7 Services of a state plan amendment submitted by the executive office of health and human
8 services for the purpose of pursuing a waiver of the uniformity requirement for the hospital
9 license fee. This licensing fee shall be administered and collected by the tax administrator,
10 division of taxation within the department of revenue, and all the administration, collection, and
11 other provisions of chapter 51 of title 44 shall apply. Every hospital shall pay the licensing fee to
12 the tax administrator on or before July 10, 2019, and payments shall be made by electronic
13 transfer of monies to the general treasurer and deposited to the general fund. Every hospital shall,
14 on or before June 14, 2019, make a return to the tax administrator containing the correct
15 computation of net patient-services revenue for the hospital fiscal year ending September 30,
16 2017, and the licensing fee due upon that amount. All returns shall be signed by the hospital's
17 authorized representative, subject to the pains and penalties of perjury.

18 [\(c\) The tax administrator shall remit to the host municipality thirteen percent \(13%\) of](#)
19 [any hospital licensing fee collected from any hospital located within that municipality.](#)

20 ~~(e)~~(d) For purposes of this section the following words and phrases have the following
21 meanings:

22 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,
23 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on
24 that license, regardless of changes in licensure status pursuant to chapter 17.14 of title 23
25 (hospital conversions) and § 23-17-6(b) (change in effective control), that provides short-term
26 acute inpatient and/or outpatient care to persons who require definitive diagnosis and treatment
27 for injury, illness, disabilities, or pregnancy. Notwithstanding the preceding language, the
28 negotiated Medicaid managed care payment rates for a court-approved purchaser that acquires a
29 hospital through receivership, special mastership, or other similar state insolvency proceedings
30 (which court-approved purchaser is issued a hospital license after January 1, 2013) shall be based
31 upon the newly negotiated rates between the court-approved purchaser and the health plan, and
32 such rates shall be effective as of the date that the court-approved purchaser and the health plan
33 execute the initial agreement containing the newly negotiated rate. The rate-setting methodology
34 for inpatient hospital payments and outpatient hospital payments set forth in §§ 40-8-13.4(b) and

1 40-8-13.4(b)(2), respectively, shall thereafter apply to negotiated increases for each annual
2 twelve-month (12) period as of July 1 following the completion of the first full year of the court-
3 approved purchaser's initial Medicaid managed care contract.

4 (2) "Gross patient-services revenue" means the gross revenue related to patient care
5 services.

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

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

12 ~~(e)~~(f) The licensing fee imposed by this section shall apply to hospitals as defined herein
13 that are duly licensed on July 1, 2018, and shall be in addition to the inspection fee imposed by §
14 23-17-38 and to any licensing fees previously imposed in accordance with § 23-17-38.1.

15 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO HEALTH AND SAFETY - LICENSING OF HEALTH CARE FACILITIES

- 1 This act would require the tax administrator to remit thirteen percent (13%) of all hospital
- 2 licensing fees to the municipality wherein the hospital is located.
- 3 This act would take effect upon passage.

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