

1 ARTICLE 18

2 RELATING TO LICENSING OF HOSPITAL FACILITIES

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

5 23-17-38.1. Hospitals – Licensing fee. ~~(a) There is also imposed a hospital licensing fee~~
6 ~~at the rate of six percent (6%) upon the net patient services revenue of every hospital for the~~
7 ~~hospital's first fiscal year ending on or after January 1, 2017, except that the license fee for all~~
8 ~~hospitals located in Washington County, Rhode Island shall be discounted by thirty-seven percent~~
9 ~~(37%). The discount for Washington County hospitals is subject to approval by the Secretary of the~~
10 ~~U.S. Department of Health and Human Services of a state plan amendment submitted by the~~
11 ~~executive office of health and human services for the purpose of pursuing a waiver of the uniformity~~
12 ~~requirement for the hospital license fee. This licensing fee shall be administered and collected by~~
13 ~~the tax administrator, division of taxation within the department of revenue, and all the~~
14 ~~administration, collection, and other provisions of chapter 51 of title 44 shall apply. Every hospital~~
15 ~~shall pay the licensing fee to the tax administrator on or before July 10, 2019, and payments shall~~
16 ~~be made by electronic transfer of monies to the general treasurer and deposited to the general fund.~~
17 ~~Every hospital shall, on or before June 14, 2019, make a return to the tax administrator containing~~
18 ~~the correct computation of net patient services revenue for the hospital fiscal year ending~~
19 ~~September 30, 2017, and the licensing fee due upon that amount. All returns shall be signed by the~~
20 ~~hospital's authorized representative, subject to the pains and penalties of perjury.~~

21 ~~(b)~~ (a) There is also imposed a hospital licensing fee at the rate of six percent (6%) upon
22 the net patient-services revenue of every hospital for the hospital's first fiscal year ending on or
23 after January 1, 2018, except that the license fee for all hospitals located in Washington County,
24 Rhode Island shall be discounted by thirty-seven percent (37%). The discount for Washington
25 County hospitals is subject to approval by the Secretary of the U.S. Department of Health and
26 Human Services of a state plan amendment submitted by the executive office of health and human
27 services for the purpose of pursuing a waiver of the uniformity requirement for the hospital license
28 fee. This licensing fee shall be administered and collected by the tax administrator, division of
29 taxation within the department of revenue, and all the administration, collection, and other
30 provisions of Chapter 51 of Title 44 shall apply. Every hospital shall pay the licensing fee to the
31 tax administrator on or before July 13, 2020, and payments shall be made by electronic transfer of
32 monies to the general treasurer and deposited to the general fund. Every hospital shall, on or before
33 June 15, 2020, make a return to the tax administrator containing the correct computation of net
34 patient-services revenue for the hospital fiscal year ending September 30, 2018, and the licensing

1 fee due upon that amount. All returns shall be signed by the hospital's authorized representative,
2 subject to the pains and penalties of perjury.

3 ~~(e)~~ (b) There is also imposed a hospital licensing fee for state fiscal year 2021 against each
4 hospital in the state. The hospital licensing fee is equal to ~~five~~ six percent ~~(5.0%)~~ (6.0%) of the net
5 patient-services revenue of every hospital for the hospital's first fiscal year ending on or after
6 January 1, 2018, except that the license fee for all hospitals located in Washington County, Rhode
7 Island shall be discounted by thirty-seven percent (37%). The discount for Washington County
8 hospitals is subject to approval by the Secretary of the U.S. Department of Health and Human
9 Services of a state plan amendment submitted by the executive office of health and human services
10 for the purpose of pursuing a waiver of the uniformity requirement for the hospital license fee. This
11 licensing fee shall be administered and collected by the tax administrator, division of taxation
12 within the department of revenue, and all the administration, collection, and other provisions of
13 Chapter 51 of Title 44 shall apply. Every hospital shall pay the licensing fee to the tax administrator
14 on or before July 13, 2021, and payments shall be made by electronic transfer of monies to the
15 general treasurer and deposited to the general fund. Every hospital shall, on or before June 15,
16 2020, make a return to the tax administrator containing the correct computation of net patient-
17 services revenue for the hospital fiscal year ending September 30, 2018, and the licensing fee due
18 upon that amount. All returns shall be signed by the hospital's authorized representative, subject to
19 the pains and penalties of perjury.

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

23 (1) "Hospital" means the actual facilities and buildings in existence in Rhode Island,
24 licensed pursuant to § 23-17-1 et seq. on June 30, 2010, and thereafter any premises included on
25 that license, regardless of changes in licensure status pursuant to Chapter 17.14 of Title 23 (hospital
26 conversions) and § 23-17-6(b) (change in effective control), that provides short-term acute inpatient
27 and/or outpatient care to persons who require definitive diagnosis and treatment for injury, illness,
28 disabilities, or pregnancy. Notwithstanding the preceding language, the negotiated Medicaid
29 managed care payment rates for a court-approved purchaser that acquires a hospital through
30 receivership, special mastership, or other similar state insolvency proceedings (which court-
31 approved purchaser is issued a hospital license after January 1, 2013) shall be based upon the newly
32 negotiated rates between the court-approved purchaser and the health plan, and such rates shall be
33 effective as of the date that the court-approved purchaser and the health plan execute the initial
34 agreement containing the newly negotiated rate. The rate-setting methodology for inpatient hospital
35 payments and outpatient hospital payments set forth in §§ 40-8-13.4(b) and 40-8-13.4(b)(2),

1 respectively, shall thereafter apply to negotiated increases for each annual twelve-month (12)
2 period as of July 1 following the completion of the first full year of the court-approved purchaser's
3 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)~~ (d) 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 for
10 the proper administration of this section and to carry out the provisions, policy, and purposes of
11 this section.

12 ~~(e)~~ (e) The licensing fee imposed by subsection ~~(a)~~ (a) shall apply to hospitals as defined
13 herein that are duly licensed on July 1, 2019, and shall be in addition to the inspection fee imposed
14 by § 23-17-38 and to any licensing fees previously imposed in accordance with this section.

15 ~~(e)~~ (f) The licensing fee imposed by subsection ~~(b)~~ (b) shall apply to hospitals as defined
16 herein that are duly licensed on July 1, 2020, and shall be in addition to the inspection fee imposed
17 by § 23-17-38 and to any licensing fees previously imposed in accordance with this section.

18 SECTION 2. This article shall take effect as of July 1, 2020.