

CITY OF PHILADELPHIA
HOSPITAL ASSESSMENTS REGULATIONS

CITY OF PHILADELPHIA
HOSPITAL ASSESSMENTS REGULATIONS

TABLE OF CONTENTS

PREFACE:	3
SECTION 101: DEFINITIONS	4
SECTION 201: IMPOSITION AND RATE OF TAX	5
SECTION 301: CESSATION OF ASSESSMENT	5
SECTION 401: NOTICE, RETURNS AND PAYMENT	5
SECTION 501: DEPOSIT AND DISTRIBUTION OF TAX REVENUES	6
SECTION 601: ADMINISTRATION AND ENFORCEMENT	6
SECTION 701: SEVERABILITY	6

PREFACE

Based on the authority conferred by the General Assembly upon the City of Philadelphia to impose an Assessment for the purpose of establishing additional funding sources to insure continuity of health care and access to for all citizens to emergency services, Bill No. 080465, passed by City Council and signed by the Mayor on May 22, 2008, amended Title 19 of the Code to add a new chapter (Chapter 19-3500) entitled "General Acute Care Hospital Assessment." Under this ordinance, that took effect January 1, 2009, the City exempted High Volume Medicaid Hospitals. As a result of severe budgetary constraints, the City soon determined not to exempt the High Volume Hospitals exempted under Bill No. 080465. As a result, Council passed Bill No. 090446 to amend Chapter 19-3500 of the Code that took effect beginning October 1, 2009. Chapter 19-3500 was further amended by ordinance of City Council (Bill No. 100136, approved April 7, 2010) to clarify its applicability to High Volume Medicaid Hospitals, to revise due dates and to make changes in conformation to amendments to State law.

Department of Revenue is responsible for collecting the Assessment and depositing the revenue received into a restricted account in a special fund for remittance to the Commonwealth for the purpose of making supplemental or increased medical assistance payments to General Acute Care Hospitals within the City. In December 2013, the Commissioner of Philadelphia Department of Public Health informed the Revenue Commissioner that the PA Department of Health decided to freeze the Hospital Assessments for fiscal years 2014 through 2016 at the 2012-2013 assessment level. Upon recommendation by the City's Law Department, in lieu of making the change by ordinance of the City Council, these Regulations are made to provide the necessary language under the definition of Net Operating Revenue to recognize the assessment freeze.

The Department of Revenue, under the authority set forth in Section 19-3506(2) of The Philadelphia Code, has promulgated the following rules and regulations governing the collection, administration and enforcement of the provisions of Chapter 19-3500.

SECTION 101: DEFINITIONS

In these Regulations, the following words and phrases shall have the meanings given to them in this Section, unless the context clearly indicates otherwise:

(a) "*Assessment.*" The fee to be assessed on General Acute Care Hospitals under § 19-3502(1) or the fee to be assessed on High Volume Medicaid Hospitals under § 19-3502(2).

(b) "*General Acute Care Hospital.*" A Hospital other than a Hospital that the Secretary has determined meets one of the following:

(1) Is excluded under 42 CFR § 412.23(a), (b), (d), (e) and (f) (relating to excluded hospitals: classifications) as of March 20, 2008, from reimbursement of certain Federal funds under the prospective payment system described by 42 CFR Pt. 412 (relating to prospective payment systems for inpatient hospital services).

(2) Is a Federal veterans' affairs hospital.

(3) Is a High Volume Medicaid Hospital.

(4) Provides care, including inpatient hospital services, to all patients free of charge.

(c) "*Hospital.*" A facility licensed by the Pennsylvania Department of Health as a hospital under 28 Pa. Code, Part IV, Subpart B (relating to general and special hospitals).

(d) "*Net Operating Revenue.*" Gross charges for facilities less any deducted amounts for bad debts, charity care, and contractual allowances, as those terms are applied pursuant to section 801-E of the Act of June 13, 1967, P.L. 31, No. 21, 62 P.S. § 801-E, known as the Public Welfare Code.

For purposes of Chapter 19-3500 of The Philadelphia Code and these Regulations, the term "annual Net Operating Revenue" shall mean:

(1) For all payments due in fiscal year 2014, including payments that may be past due, and all payments due in fiscal year 2015 and 2016: The Net Operating Revenue of a Hospital for the period July 1, 2010, through June 30, 2011.

(2) For all payments due in fiscal year 2017 and thereafter: The annual net operating revenue as determined by the Commonwealth of Pennsylvania and approved by the Centers for Medicare and Medicaid Services.

(e) "*Secretary.*" The Secretary of Public Welfare for the Commonwealth.

(f) "*High Volume Medicaid Hospital.*" A Hospital that the Secretary has determined provides over 90,000 days of care to medical assistance patients per year and is a non-profit hospital subsidiary of a state-related institution as that term is defined in 62 Pa. C.S. § 103 (relating to definitions).

(g) "*High Volume Medicaid Hospital Assessment.*" The fee to be assessed upon every High Volume Medicaid Hospital within the City.

SECTION 201: IMPOSITION AND RATE OF TAX

(a) Subject to § 19-3503, effective January 1, 2009 and thereafter, an assessment is hereby imposed upon every General Acute Care Hospital in the City in an amount equal to 3.93% of annual Net Operating Revenue excluding all revenues received from Medicare.

(b) Subject to § 19-3503, effective October 1, 2009, and thereafter, a High Volume Medicaid Hospital Assessment is hereby imposed upon every High Volume Medicaid Hospital in the City in an amount equal to 3.45% of annual Net Operating Revenue excluding all revenues received from Medicare.

(c) Notwithstanding any exemptions granted by any other Federal, State or local tax or other law, including, without limitation, Section 204(a)(3) of the Act of May 22, 1933 (P.L. 853), known as the General County Assessment Law, no General Acute Care Hospital or High Volume Medicaid Hospital shall be exempt from the Assessment.

SECTION 301: CESSATION OF ASSESMENT

(a) Each Assessment shall not be imposed or effective to the extent the Secretary certifies to the Director of Finance that (a) revenues generated by the Assessment will not qualify as the Commonwealth share of program expenditures eligible for Federal financial participation, or (b) the Assessment proceeds will exceed the maximum aggregate amount that may be assessed under 42 CFR § 433.68(f)(3)(i) or any other maximum established under Federal law.

SECTION 401: NOTICE, RETURNS AND PAYMENT

(a) On or before December 1 of each year in which an Assessment is in effect or imposed, the Department shall provide notice of the rate of the applicable assessment to each General Acute Care Hospital and High Volume Medicaid Hospital. Failure to provide notice shall not relieve any General Acute Care Hospital or High Volume Medicaid Hospital of any obligation hereunder.

(b) Returns shall be filed on such forms as the Department may prescribe, and each Assessment shall be payable in four equal installments by no later than, respectively, September 15, December 15, March 15, and June 1, of each fiscal year; provided that, for the fiscal year ending June 30, 2010, only, the four equal installments shall be payable by no later than October 30, January 30, April 30, and June 1.

(c) Every General Acute Care Hospital and High Volume Medicaid Hospital making a return shall certify the correctness thereof.

SECTION 501: DEPOSIT AND DISTRIBUTION OF TAX REVENUES

(a) The Department shall collect the Assessments from General Acute Care Hospitals and High Volume Medicaid Hospitals and deposit the revenues received therefrom in a special fund established for purposes set forth herein.

(b) The special fund established under subsection (a) shall be used solely as follows:

(1) Remittance to the Commonwealth for deposit into that restricted account within the General Fund established by the Commonwealth for appropriation to the Commonwealth Department of Public Welfare for the purposes of making supplemental or increased medical assistance payments for emergency department services to General Acute Care Hospitals within the City and to maintain or increase other medical assistance payments to Hospitals within the City.

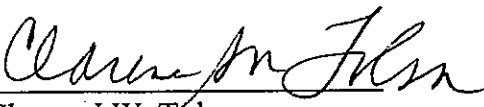
(2) In amounts authorized pursuant to an agreement between the Revenue Commissioner and the Secretary, to fund the City's costs of administration and collection of the assessments; and to fund a portion of the City's costs of operating public health clinics.

SECTION 601: ADMINISTRATION AND ENFORCEMENT

(a) The provisions of Chapter 19-500, entitled "Taxes and Rents – General", shall apply to the administration and enforcement of these Regulations.

SECTION 701: SEVERABILITY

Should any section, subsection, sentence, clause or phrase of these Regulations be declared invalid by a court of competent jurisdiction, such decision shall not affect the validity of the Regulations in its entirety or of any part thereof other than that declared to be invalid.


Clarena I.W. Tolson
Revenue Commissioner


12/30/13
Date

MEMORANDUM

City of Philadelphia

Date: 3/25/14

TO: Shelley Smith, City Solicitor

FROM: Jeanne Reedy, Administrative Services Director, Records Dept. 

SUBJECT: Advertisement of Proposed Regulations – Philadelphia Code § 19-3500 –
Hospital Assessments

The above Regulations promulgated by the Department of Revenue were received in the Department of Records on 2/20/14 for filing and advertising.

Inasmuch as there were no requests for hearings, these Regulations became effective midnight 3/24/14.

CC: Clarena I. W. Tolson, Revenue Commissioner
Joseph F. Procopio Jr., CPA, Manager, Technical Advisory Staff