

City of Philadelphia



(Bill No. 090446-A)

AN ORDINANCE

Amending Chapter 19-3500 of The Philadelphia Code, entitled “General Acute Care Hospital Assessment,” by adding an assessment upon the Net Operating Revenue of certain specified hospitals located in the City of Philadelphia; all under certain terms and conditions.

WHEREAS, It is of paramount public interest that access to quality health care including emergency services shall be available to all citizens of Philadelphia; and

WHEREAS, Hospitals within Philadelphia are suffering significant financial strain due to shortfalls between their costs of providing such health care services and the reimbursements they receive for those services; and

WHEREAS, The City recognizes the need to identify additional funding sources to ensure continuity of health care and access for all citizens to emergency services; and

WHEREAS, The General Assembly of the Commonwealth authorized cities of the first class to impose an Assessment for the purpose of establishing such an additional funding source; and

WHEREAS, the City imposed such an Assessment but exempted pursuant to § 19-3501(2)(iv) certain hospitals that provide a high volume of care to Medicaid patients (“High Volume Medicaid Hospitals”) as those hospitals were recipients of other Commonwealth payments for enhanced access to medical care in economically distressed areas; and

WHEREAS, severe budgetary constraints may limit those other Commonwealth payments unless a new funding source is identified; and

WHEREAS, the City has determined to impose on this previously exempt category of hospitals a new assessment upon Net Operating Revenue to generate such a funding source.

NOW THEREFORE,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Section 19-3500 of The Philadelphia Code is hereby amended to read as follows:

City of Philadelphia

BILL NO. 090446-A continued

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CHAPTER 19-3500. GENERAL ACUTE CARE AND HIGH VOLUME MEDICAID HOSPITAL ASSESSMENTS.

§ 19-3501. Definitions.

* * *

(2) ["Exempt Hospital." A Hospital that the Secretary has determined meets one of the following: (i) it is excluded pursuant to 42 C.F.R. § 412.23(a) through (f) effective as of March 20, 2008 from reimbursement of certain Federal funds under the prospective payment systems described by 42 C.F.R § 412 et seq.; (ii) it is a federal Veterans' Affairs hospital; (iii) it provides care, including inpatient hospital services, to all patients free of charge; or (iv) it provides over 100,000 days of care to Medicaid patients per year.] *Reserved.*

(3) "General Acute Care Hospital." A Hospital other than [an Exempt Hospital] *a Hospital that the Secretary has determined meets one of the following:*

(a) 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).

(b) Is a Federal veterans' affairs hospital.

(c) Is a High Volume Medicaid Hospital.

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

* * *

(6) "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).*

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

City of Philadelphia

BILL NO. 090446-A continued

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§ 19-3502. Imposition of the General Acute Care Hospital Assessment *and High Volume Medicaid Hospital Assessment*.

* * *

(2) *Subject to §19-3503, effective January 1, 2010 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 Medicare Net Operating Revenue.*

[2](3) 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 its applicable assessment.

§ 19-3504. Notice, Returns and Payment.

(1) On or before [January 1, 2009, and on or before July 1] *December 1* of each year in which the Assessment *or the High Volume Medicaid Hospital 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.

(2) Returns shall be filed on such forms as the Department may prescribe, and the Assessment and the *High Volume Medicaid Hospital Assessment* shall be payable, quarterly, by no later than thirty days after the end of each fiscal quarter.

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

§ 19-3505. Deposit and Distribution of Tax Revenues.

(1) The Department shall collect the Assessment *and the High Volume Medicaid Hospital Assessment* from General Acute Care Hospitals *and High Volume Medicaid Hospitals* and deposit the revenues received therefrom in a special fund established for purposes set

City of Philadelphia

BILL NO. 090446-A continued

Certified Copy

forth herein.

(2) The special fund established under subsection (1) shall be used solely as follows:

(a) 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.

* * *

§19-3507. Severability.

Should any section, subsection, sentence, clause or phrase of this Chapter be declared invalid by a court of competent jurisdiction, such decision shall not affect the validity of the Chapter in its entirety or of any part thereof other than that declared to be invalid; provided however that if such decision would cause any High Volume Medicaid Hospital to be subject to the Assessment found in § 19-3502(1), Bill No. 090446 shall be void in its entirety, other than the provision of Bill No. 090446 adding this Section 19-3507 to the Code.

SECTION 2. This Ordinance, shall be effective upon certification by the City Solicitor to the Chief Clerk of Council that the necessary authorizing legislation has been enacted by the General Assembly and that the Revenue Commissioner and the Commonwealth Secretary of Public Welfare have entered into an agreement regarding authorized retention of funds to offset administrative and other expenses by the City. This ordinance and the assessments imposed hereunder are subject to all of the conditions and requirements specified under the aforementioned State authorizing legislation.

Explanation:

[Brackets] indicate matter deleted.
Italics indicate new matter added.

City of Philadelphia

BILL NO. 090446-A continued

Certified Copy

City of Philadelphia

BILL NO. 090446-A continued

Certified Copy

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 18, 2009. The Bill was Signed by the Mayor on June 26, 2009.



Patricia Rafferty
Chief Clerk of the City Council