

Legislation Text

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File #: 190440, Version: 1

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Amending Chapter 19-3500 of The Philadelphia Code, entitled "Hospital Assessments," to revise provisions relating to hospital assessments; and authorizing the Department of Public Health to enter into an intergovernmental agreement with the Commonwealth, Department of Human Services, relating to such hospital assessments; all under certain terms and conditions

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

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

CHAPTER 19-3500. HOSPITAL ASSESSMENTS

§ 19-3501. Definitions.

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

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

\* \* \*

(4) "Hospital." A facility *or the site of a facility that is* licensed by the Pennsylvania Department of Health as a hospital under 28 Pa. Code, Part IV, Subpart B (relating to general and special hospitals) *and located within the City.*

(5) "Net [Operating] *Patient Revenue.*" Gross [charges for facilities] *revenues received or earned by a hospital for inpatient and outpatient services, including Pennsylvania medical assistance supplemental revenues received by the hospital for inpatient and outpatient hospital services,* less any deducted amounts for bad [debts,] *debt expense,* charity [care,] *care expense,* and contractual [allowances,] *allowances as identified in the hospital's records or on such forms as the Pennsylvania Department of Human Services may prescribe.* [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.]

(6) "Secretary." The Secretary of [Public Welfare] *Human Services* for the Commonwealth.

(7) "High Volume Medicaid Hospital." A Hospital that the Secretary has determined provides over [90,000] *60,000 inpatient acute care* days of care to *Pennsylvania* medical assistance patients [per year] *as*

evidenced by the hospital's State fiscal year 2014-2015 Medical Assistance hospital cost report on file with the Pennsylvania Department of Human Services as of June 6, 2018, 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).

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

(1) Subject to § 19-3503, effective January 1, [2009 and thereafter,] *2009, through June 30, 2019*, 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.

(2) Subject to § 19-3503, effective October 1, 2009, [and thereafter,] *through June 30, 2019*, 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.

(3) *Subject to § 19-3503, effective July 1, 2019, and thereafter, an Assessment is hereby imposed upon every General Acute Care Hospital in the City in an amount equal to 3.8% of annualized State Fiscal Year 2016-2017 Net Patient Revenue, excluding all revenues received from Medicare.*

(4) *Subject to § 19-3503, effective July 1, 2019, and thereafter, an Assessment is hereby imposed upon every High Volume Medicaid Hospital in the City in an amount equal to 3.6% of annualized State Fiscal Year 2016-2017 Net Patient Revenue, excluding all revenues received from Medicare.*

[(3)] (5) 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.

(6) *Imposition of Assessment with changes of ownership.*

*(a) If a single General Acute Care Hospital or High Volume Medicaid Hospital changes ownership or control, the Hospital resulting from the change in ownership or control is liable for any outstanding Assessment amounts, including outstanding amounts related to periods prior to the change of ownership or control.*

*(b) If two or more General Acute Care Hospitals or High Volume Medicaid Hospitals subject to an Assessment merge or consolidate, such Hospital resulting from the merger or consolidation is liable for any outstanding Assessment amounts, including outstanding amounts related to periods prior to the change of ownership or control, of any such Hospital that was merged or consolidated.*

(7) *Calculation of Assessment with closures or other changes in operation. A General Acute Care*

*Hospital or High Volume Medicaid Hospital that closes during a fiscal year is liable for:*

(a) *The annual Assessment amount for the fiscal year in which the closure or change occurs, prorated by the number of days in the fiscal year during which such Hospital was in operation and subject to the Assessment.*

(b) *Any outstanding Assessment amounts related to periods prior to the closure or change in operation.*

(8) *Calculation of Assessment for new hospitals. A General Acute Care Hospital or High Volume Medicaid Hospital that begins operation during a fiscal year in which an Assessment is in effect shall be assessed as follows:*

(a) *During the State fiscal year in which such Hospital begins operation or in which such a hospital becomes subject to an Assessment, the assessment will not be imposed on such Hospital.*

(b) *For the State fiscal year following the State fiscal year under paragraph (8)(a), an Assessment is imposed on such Hospital in accordance with all preceding paragraphs in this section, using Net Patient Revenue from the hospital's initial state fiscal year of operation, excluding all revenues received from Medicare.*

(c) *For the State fiscal years following the State fiscal year under paragraph (8)(b), an Assessment is imposed on such Hospital in accordance with all preceding paragraphs in this section using Net Patient Revenue from the hospital's first full state fiscal year of operation, excluding all revenues received from Medicare.*

§ 19-3503. Cessation of Assessment.

\* \* \*

(2) The assessments imposed by this Chapter shall cease on June 30, [2019,] 2024, or on such later date as may be permitted by the General Assembly.

§ 19-3504. Notice, Returns and Payment.

(1) [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.

(2)] Returns shall be filed on such forms as the Department may prescribe, and each Assessment shall be payable *electronically* 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.

[(3)] (2) 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.

\* \* \*

(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] *Human Services* for [the] *such* 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.] *as may be authorized by law.*

(b) 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 *programs, including public health clinics.*

\* \* \*

§ 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-A shall be void in its entirety, other than the provision of Bill No. 090446-A adding this Section 19-3507 to the Code.] *invalid.*

SECTION 2. *Conforming changes.* The Department of Revenue is hereby authorized to make, by regulation, such changes to the provisions of Chapter 19-3500 of The Philadelphia Code as may be necessary to conform to applicable State authorizing legislation, so long as such changes maintain the basic intent of this Ordinance.

SECTION 3. *Intergovernmental Agreement.*

(1) The Department of Public Health, on behalf of the City, is hereby authorized to enter into an intergovernmental agreement (the "Agreement") with the Commonwealth of Pennsylvania, Department of Human Services for a term of five (5) years, substantially in the form set forth in Exhibit A, pursuant to which additional funds could be made available to hospitals that provide services to Medicaid recipients, under certain terms and conditions.

(2) The City Solicitor shall include in said Agreement such terms and conditions as he may deem necessary to protect the interests of the City.

SECTION 4. *Effective date.*

(1) Sections 1 and 2 of 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 Human Services have entered into an agreement regarding authorized retention of funds by the City; provided that Sections 1 and 2 shall have no applicability to any assessments for periods prior to July 1, 2019. Sections 1 and 2 of this Ordinance and the assessments imposed thereunder are subject to all of the conditions and requirements specified under the aforementioned State authorizing legislation. To the extent any quarterly due date authorized by Sections 1 and 2 occurred prior to the Effective Date of Sections 1 and 2, the payments that would have been due on such dates shall become due, in one lump sum, at the next due date following such Effective Date.

(2) Section 3 of this Ordinance shall be effective immediately.

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**Explanation:**

[Brackets] indicate matter deleted.

*Italics* indicate new matter added.