

New Hampshire Department of Revenue Administration  
Medicaid Enhancement Tax & Nursing Facility Quality  
Assessment  
House Ways & Means Committee  
May 3, 2017



John T. Beardmore, Commissioner  
Lindsey M. Stepp, Assistant Commissioner  
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603-230-5000

# Medicaid Enhancement Tax (MET)

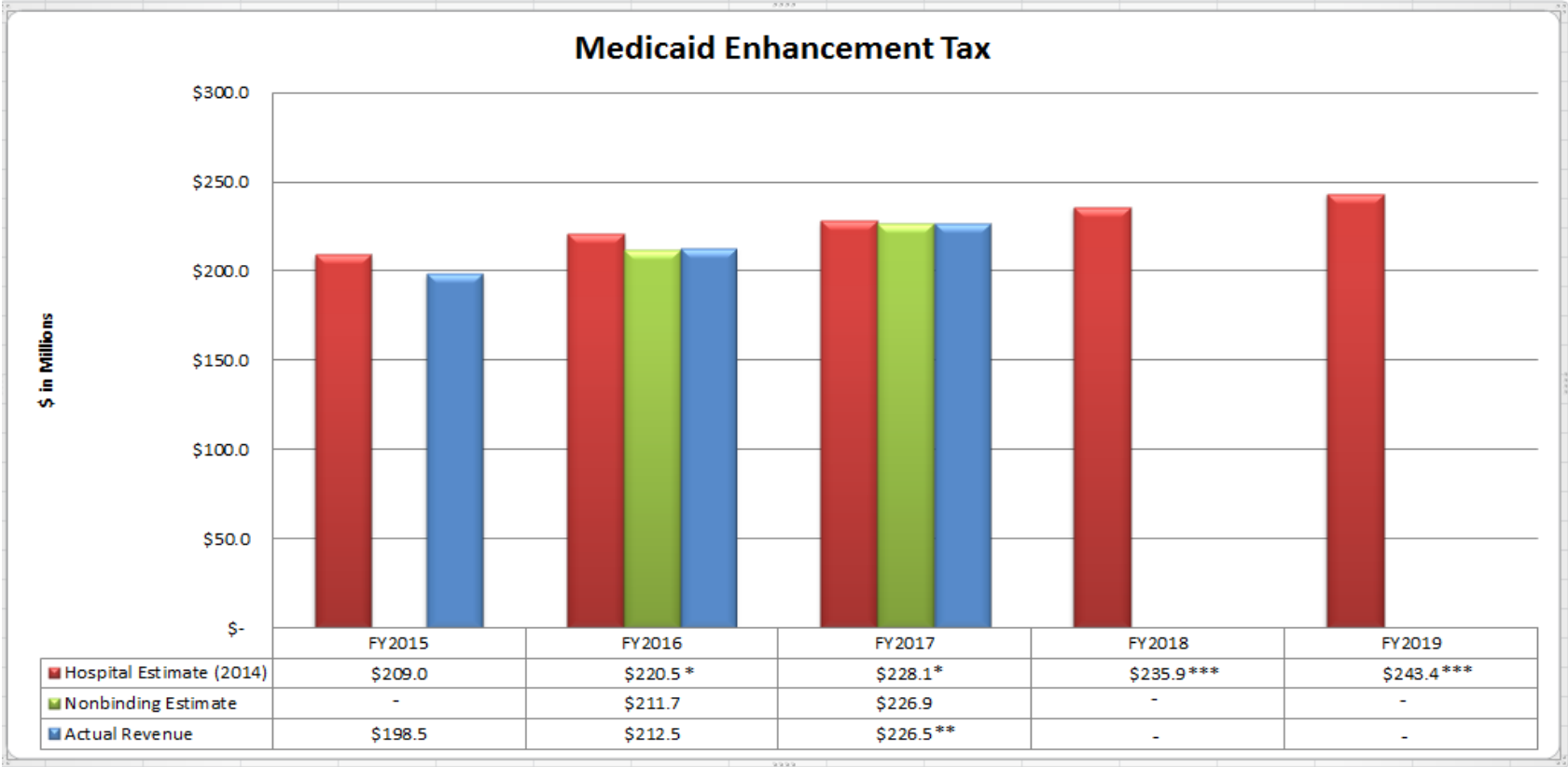
## RSA 84-A

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•5.4%* tax upon the “net patient services revenue” of hospitals</li><li>•Tax is paid by general hospitals that provide inpatient and outpatient hospital services, but not including government facilities</li><li>•The tax period for MET is a 12-month period beginning July 1 and ending June 30 and the tax due is based upon each hospital’s fiscal year ending during the calendar year in which the taxable period begins</li></ul>	<ul style="list-style-type: none"><li>•Each hospital must file a nonbinding estimate on or before January 15<sup>th</sup> of its projected tax payment</li><li>•Each hospital is required to pay 100% of its MET due and payable for the tax period no later than April 15<sup>th</sup></li><li>•Every hospital shall file a return by April 15<sup>th</sup> in the taxable period</li></ul>

\*Rate is 5.4% for taxable periods ending 6/30/17 and beyond *unless* the total aggregate uncompensated care for hospitals with both a critical and noncritical designation falls below \$375,000,000, at which point the tax rate is reduced to 5.25%.

# Medicaid Enhancement Tax (MET)

## RSA 84-A



\*Budgeted at hospital estimate also.

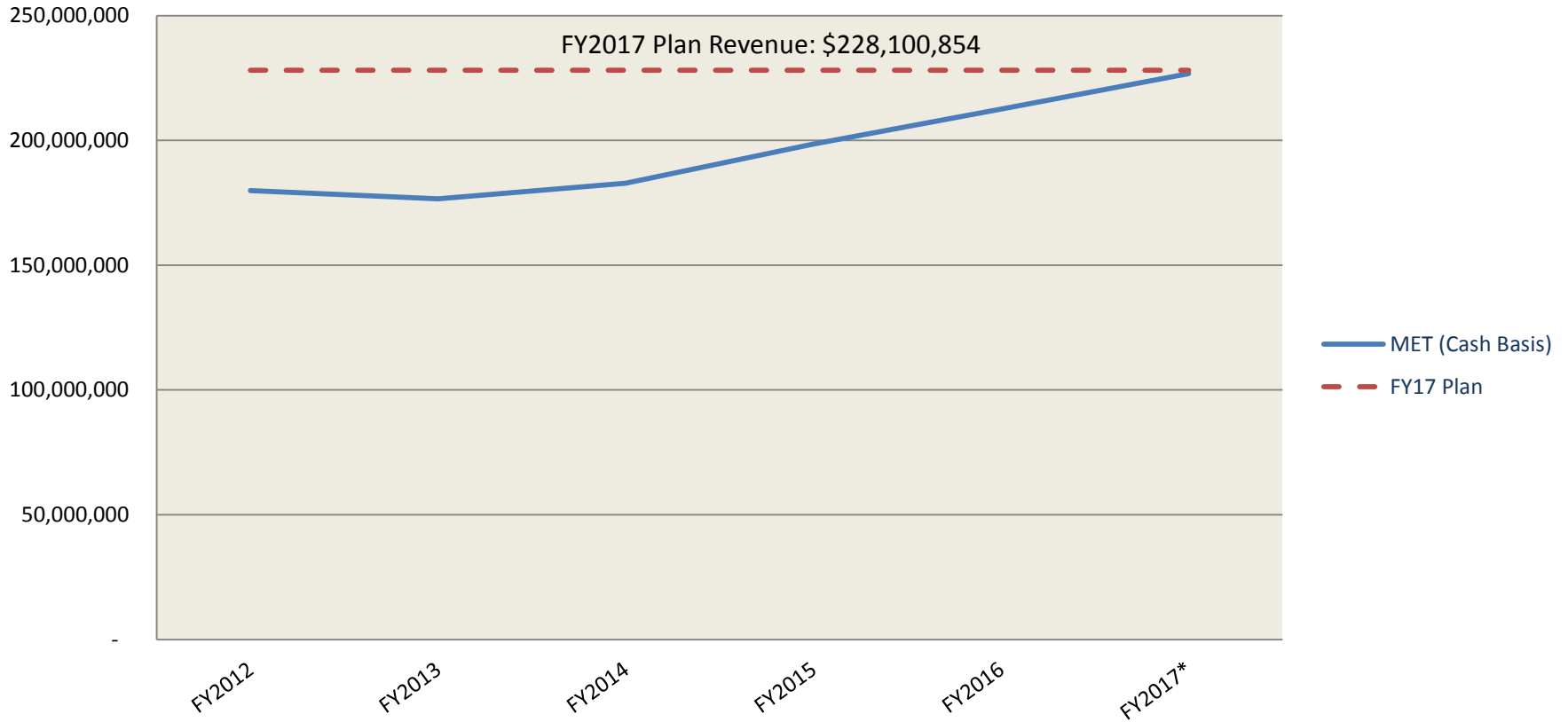
\*\*Includes additional MET revenue which is anticipated to be received by the end of FY 2017.

\$220.1m in net MET revenue has been deposited to date.

\*\*\*Estimates are reduced to \$229.4m in FY 2018 and \$235.7m in FY 2019 if the rate is reduced to 5.25%.

# MET Revenues

## 7 Year History



Rate: 5.5% (2012-2014); 5.45% (2016); 5.4% (2017)

Factors Influencing Revenue: Hospital service utilization

\*Includes additional MET revenue which is anticipated to be received by the end of FY 2017. \$220.1m in net MET revenue has been deposited to date.

# DRA Role In MET Administration

- Hospitals file a non-binding estimate of their projected tax payment on January 15<sup>th</sup> with DRA. DRA notifies the NH Department of Health and Human Services (DHHS) of the estimated MET payment.
- 100% of the MET owed is due to DRA on or before April 15<sup>th</sup>. MET revenue is deposited directly into the uncompensated care and Medicaid fund established by RSA 167:64.
- The Commissioner of DHHS is responsible for expending funds in accordance with RSA 167:64 (disproportionate share hospital payments and other Medicaid expenditures).
- DRA is authorized to audit MET returns and collect unpaid MET.

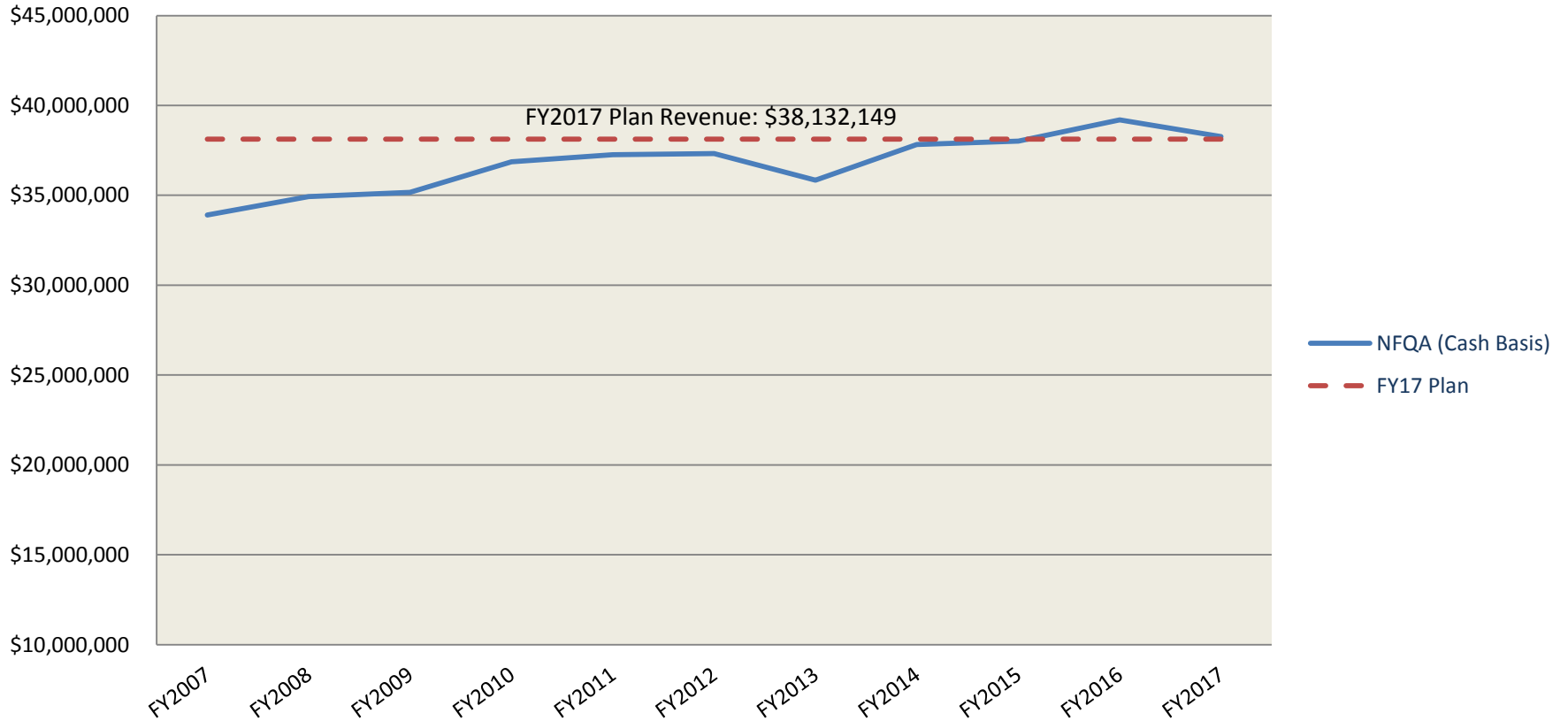
# Nursing Facility Quality Assessment (NFQA) and Intermediate Care Facility Quality Assessment (ICFQA)

RSA 84-C and RSA 84-D

Overview of Tax	When to File/Pay
<ul style="list-style-type: none"><li>•5.5% tax upon the “net patient services revenue” on all nursing and intermediate care facilities on the basis of patient days in each facility</li><li>•The assessment is paid by nursing and intermediate care facilities as well as facilities licensed as a specialty hospital and certified to receive federal reimbursement as a nursing facility</li><li>•The assessment period for NFQA and ICFQA is a 3-month period beginning July 1, October 1, January 1 and April 1 of each year</li></ul>	<ul style="list-style-type: none"><li>•Every facility shall file a return by the 10<sup>th</sup> day of the month following the expiration of the assessment period (January 10, April 10, July 10 and October 10)</li><li>•Each facility is required to pay 100% of its NFQA/ICFQA due and payable for the assessment period no later than the 15<sup>th</sup> day of the month following the assessment period (January 15, April 15, July 15 and October 15)</li><li>•No penalty or interest is imposed for failure to make a payment of the assessment due if such payment is made by electronic funds transfer on or before the last day of the month in which payment is due</li></ul>

# NFQA Revenues

## 10 Year History



Rate: 5.5% (no change in 10-year period analyzed)

Factors Influencing Revenue: Nursing home utilization

# DRA Role In NFQA Administration

- Nursing facilities file their NFQA return quarterly on the 10<sup>th</sup> of January, April, July, and October for the prior 3-month “assessment period” with both the DRA and DHHS.
- Nursing facilities pay the NFQA quarterly on the 15<sup>th</sup> of January, April, July, and October for the prior 3-month “assessment period” by electronic funds transfer (debited by DRA on the last day of the month).
- NFQA revenue is deposited directly in the Nursing Facility Trust Fund established by RSA 151-E:14.
- The Commissioner of DHHS is responsible for expending funds in accordance with RSA 151-E:15:
  - “The moneys in the fund shall be used to eliminate or reduce to the maximum extent possible the difference between the allowable medicaid costs, derived from the nursing facility medicaid acuity rate setting system, which nursing facilities incur in providing care to medicaid residents, and the amount which the state has budgeted in order to fund that care.”
- DRA is authorized to audit NFQA returns and collect unpaid NFQA.