

WEST VIRGINIA LEGISLATURE

2019 REGULAR SESSION

Introduced

Senate Bill 546

FISCAL
NOTE

BY SENATORS TAKUBO, MARONEY, AND STOLLINGS

[Introduced February 7, 2019; Referred
to the Committee on Health and Human Resources; and
then to the Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section,
 2 designated §11-27-39, relating generally to health care provider taxes; imposing a
 3 contingent 0.13 percent tax on eligible acute care hospitals; and providing an expiration
 4 date for the tax.

Be it enacted by the Legislature of West Virginia:

ARTICLE 27. HEALTH CARE PROVIDER TAXES.

§11-27-39. Contingent increase of tax rate on certain eligible acute care hospitals to increase practitioner payment fee schedules.

1 (a) In addition to the rate of the tax imposed by §11-27-9, §11-27-15, and §11-27-38 of
 2 this code on providers of inpatient and outpatient hospital services, there is imposed on certain
 3 eligible acute care hospitals an additional tax of 0.13 percent on the gross receipts received or
 4 receivable by eligible acute care hospitals and health systems that provide inpatient or outpatient
 5 hospital services in this state.

6 (b) For purposes of this section, the term “eligible acute care hospital and health system”
 7 means any inpatient or outpatient hospital conducting operations in this state that is not:

8 (1) A state-owned or designated facility;

9 (2) A critical access hospital designated as a critical access hospital after meeting all
 10 federal eligibility criteria;

11 (3) A licensed free-standing psychiatric or medical rehabilitation hospital; or

12 (4) A licensed long-term acute care hospital.

13 (c) The provisions of this section are intended to maximize federal funding to increase
 14 practitioner payment fee schedules for practitioners employed by eligible acute care hospitals and
 15 health systems as described in this section. For the purposes of this section, the term “practitioner”
 16 means a physician licensed pursuant to the provisions of §30-3-1 et seq. and §30-14-1 et seq. of
 17 this code.

18 (d) The taxes imposed by this section may not be imposed or collected until the occurrence
19 of each of the following:

20 (1) The West Virginia Bureau for Medical Services incorporates the payment methodology
21 into the appropriate contracts and agreements; and

22 (2) The West Virginia Bureau for Medical Services receives the necessary approvals from
23 the Centers for Medicare and Medicaid Services.

24 (e) All taxes, additions to tax, penalties and interest collected in accordance with this
25 section shall be deposited into a dedicated eligible acute care practitioner enhancement fund, to
26 be administered in accordance with provisions of §11-26-5 of this code. Disbursements from the
27 eligible acute care practitioner enhancement fund may only be used to support increasing
28 practitioner payment fee schedules for practitioners employed by eligible acute care hospitals and
29 health systems.

30 (f) The imposition and collection of taxes imposed by this section shall be suspended
31 immediately upon the occurrence of any of the following:

32 (1) The effective date of any action by Congress that would disqualify the taxes imposed
33 by this section from counting towards state Medical funds available to be used to determine the
34 federal financial participation;

35 (2) The effective date of any decision, enactment, or other determination by the Legislature
36 or by any court, officer, department, agency or office of the state or federal government that
37 disqualifies the tax from counting towards state Medicaid funds available to determine federal
38 financial participation for Medicaid matching funds or creates for any reason a failure of the state
39 to use the assessment of the Medicaid program as described in this section; and

40 (3) If the tax payments remitted by the eligible acute care hospitals and health systems
41 are not used to effectuate the provisions of this section.

42 (g) Any funds remaining in the eligible acute care practitioner enhancement fund, upon
43 the occurrence of any of the events described in subsection (f) of this section, that cannot be used

44 to match eligible federal Medicaid funds for this program, shall be transferred to the West Virginia
45 Medical Services Fund. These funds shall be used during the state fiscal year in which they were
46 transferred at the discretion of the Bureau for Medical Services.

47 (h) The provisions of this section are retroactive and apply on or after July 1, 2019.

48 (i) This section will expire on or after June 30, 2021, unless otherwise extended by the
49 Legislature.

NOTE: The purpose of this bill is to impose a contingent tax increase on eligible acute care hospitals to maximize federal funding in order to increase practitioner payment fee schedules for practitioners employed by eligible acute care hospitals and health systems.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.