

MAINE STATE LEGISLATURE

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L.D. 1293

DATE: 5-20-03

(Filing No. S-220)

HEALTH AND HUMAN SERVICES

Reported by:

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STATE OF MAINE SENATE 121ST LEGISLATURE FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 424, L.D. 1293, Bill, "An Act To Improve the Fairness of the Health Care Provider Tax and To Ensure Fair Implementation of Health Care Reimbursement Reforms"

Amend the bill by striking out all of sections 1 to 3 and inserting in their place the following:

'Sec. 1. 36 MRSA §2871, sub-§2, as enacted by PL 2001, c. 714, Pt. CC, §3 and affected by §8, is amended to read:

2. Annual net operating revenue. "Annual net operating revenue" means gross charges less any amounts allowable recorded as bad debts, charity care or payer discounts in accordance with generally accepted accounting principles.'

Further amend the bill in section 7 in that part designated "§2872." in subsection 1 in paragraph C in the last line (page 3, line 31 in L.D.) by striking out the following: "each full" and inserting in its place the following: 'the corresponding'

Further amend the bill in section 7 in that part designated "§2872." in subsection 2 in paragraph C in the 3rd line (page 3, line 49 in L.D.) by striking out the following: "each full" and inserting in its place the following: 'the corresponding'

Further amend the bill by striking out all of section 8 and inserting in its place the following:

'Sec. 8. 36 MRSA §2873, sub-§1, as enacted by PL 2001, c. 714, Pt. CC, §3 and affected by §8, is amended to read:

COMMITTEE AMENDMENT

1. **Monthly returns required; payment of estimated tax liability.** On or before the 15th day of each month, each person subject to the tax imposed by this chapter shall submit to the assessor a return on a form prescribed and furnished by the assessor. Each return must be accompanied by a payment of an amount equal to 1/12 of the person's estimated tax liability for the entire current state fiscal year or facility fiscal year or, in the case of a facility taxed on the basis of a partial facility fiscal year after June 30, 2003, an amount equal to a fraction of the estimated liability in which the denominator is the number of months remaining in the facility fiscal year and the numerator is one. A person may estimate its tax liability for the current state fiscal year or facility fiscal year by applying the tax rates provided by section 2872 to the most recent state fiscal year or facility fiscal year for which ~~relevant-taxable-revenues have been finally determined and are no longer open to audit adjustment or correction~~ a Medicaid cost report has been finally settled and is no longer open to audit adjustment or correction, ~~provided that~~ as long as the fiscal year in question began no earlier than 3 years prior to the beginning of the current fiscal year; in the event that the information necessary to prepare this estimate is not available, an estimate may be prepared on the basis of the reconciliation return most recently submitted or, if the first such return has not yet been filed, then on the basis of the revenues formally reported by the facility in accordance with generally accepted accounting principles. Regardless of the method used for preparing the estimate, the estimate may include adjustments to reflect changes in the number of licensed or certified beds or extraordinary changes in payment rates. Once a taxpayer has made its first monthly payment for a state fiscal year or facility fiscal year pursuant to this subsection, the monthly amount must remain fixed throughout the fiscal year unless the assessor authorizes a change. If the person's estimated annual tax liability as reported and paid pursuant to this subsection does not equal the tax imposed on that person by section 2872, any adjustments necessary to reconcile the estimated tax with the correct tax amount must be made pursuant to subsection 2.'

Further amend the bill by striking out all of sections 10, 11, 12 and 13 and inserting in their place the following:

'Sec. 10. 36 MRSA §2873, sub-§3, as enacted by PL 2001, c. 714, Pt. CC, §3 and affected by §8, is amended to read:

3. **Audit period to remain open; accrual of penalties and interest.** Notwithstanding any other provision of law, the tax imposed against a person by section 2872 for any fiscal year remains open to audit and further assessment by the assessor until ~~the person's taxable revenues for that fiscal year have~~

2 ~~been finally determined~~ completion of the audit of the Medicaid
3 cost report or reports for the fiscal year. Any underestimates
4 of tax liability reported and paid pursuant to subsection 1 are
5 subject to an assessment of interest at the rate provided in
6 section 186 from the date or dates of underpayment until payment
7 is made, unless the estimated tax liability was calculated by
8 ~~applying the tax rates provided by section 2872 to the most~~
9 ~~recent fiscal year for which relevant taxable revenues have been~~
10 ~~finally determined~~ in compliance with the standards provided in
11 subsection 1, in which case no interest may accrue prior to the
12 date on which the reconciliation return for the year is due. Any
13 amount of tax that is reported on a reconciliation return
14 required by subsection 2 but not paid at the time the
15 reconciliation return is filed is subject to the accrual of
16 interest as provided by section 186, as well as to any applicable
17 provisions of section 187-B, including, without limitation, the
18 penalty provided by section 187-B, subsection 2 for failure to
19 pay a tax.

20 **Sec. 11. Long-term care financing.** The Joint Standing
21 Committee on Health and Human Services may consider the issue of
22 long-term care financing, including dedication to long-term care
23 of all or any portion of the health care provider tax and
24 revenues attributable to that tax under the Maine Revised
25 Statutes, Title 36, section 2873 and statutory requirements
26 specifying enhanced reimbursement levels for long-term care
27 providers, during the Second Regular Session of the 121st
28 Legislature and may report out a bill on long-term care financing
29 to the Second Regular Session of the 121st Legislature.'

30
31 Further amend the bill by relettering or renumbering any
32 nonconsecutive Part letter or section number to read
33 consecutively.

36 SUMMARY

37 This amendment removes from the bill the provisions that
38 would have dedicated most of the health care provider tax
39 revenues to long-term care purposes. It corrects language
40 regarding auditing and accounting procedures. The amendment
41 authorizes the Joint Standing Committee on Health and Human
42 Services to report out a bill on long-term care financing to the
43 Second Regular Session of the 121st Legislature.

44
45 **FISCAL NOTE REQUIRED**
46 **(See attached)**

121st Maine Legislature
Office of Fiscal and Program Review

LD 1293

An Act To Improve the Fairness of the Health Care Provider Tax and to
Ensure Fair Implementation of Health Care Reimbursement Reforms



LR 1304(02)

Fiscal Note for Bill as Amended by Committee Amendment *A" S-220*

Committee: Health and Human Services

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - General Fund

Fiscal Detail and Notes

Any additional costs to Maine Revenue Services and the Department of Human Services as a result of this bill can be absorbed utilizing existing budgeted resources.