

**New Hampshire Department of Revenue Administration
109 Pleasant Street, Concord, NH 03301**

**TECHNICAL INFORMATION RELEASE
TIR 2014-008 Date October 2, 2014**

A Technical Information Release is designed to provide immediate information regarding tax laws administered by the Department or the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.). Questions should be directed to Central Tax Services at (603) 230-5920.

Senate Bill 369 - Medicaid Enhancement Tax (RSA Chp. 84-A) Changes

The New Hampshire Legislature has passed and Governor Hassan has signed into law Senate Bill 369 (Chapter 158, Laws of 2014), relative to the Medicaid Enhancement Tax (MET). The purpose of this Technical Information Release (TIR) is to provide taxpayers and tax practitioners with a convenient reference guide of relevant statutory changes made to RSA Chp. 84-A during the 2014 Legislative Session by the New Hampshire General Court pertaining to the MET. This TIR is for informational purposes only and is intended to provide a summary or synopsis of the enacted legislation. It is not intended to be relied upon as full and complete text or as a substitute for the actual State law. Please refer to the applicable statute and rules to determine how this information applies to specific taxpayer situations.

Senate Bill 369, in relevant part, amends RSA Chp. 84-A and RSA Chp. 21-J to:

- Remove “specialty hospitals for rehabilitation” from the definition of “hospital” under RSA 84-A:1;
- Clarify the definition of “net patient services revenue” under RSA 84-A:1, by specifying gross revenue includes inpatient and outpatient hospital services;
- Add a definition for “inpatient hospital services” and “outpatient hospital services,” which includes those services that are classified as inpatient hospital services and outpatient hospital services for purposes of section 1903(w) of the Social Security Act, and are defined in 42 C.F.R. sections 440.10 and 440.20, respectively, regardless of the patient receiving the service or the payor for that service;
- Change the period upon which MET is imposed on net patient services revenue from the hospital’s fiscal year ending during the first full calendar year preceding the taxable period to *the hospital’s fiscal year ending during the calendar year in which the taxable period begins*;
- Maintain the existing tax rate of 5.5% for the current taxable period ending June 30, 2015;
- Reduce the tax rate to 5.45% for the taxable period ending June 30, 2016;
- Reduce the tax rate to 5.4% for taxable period ending June 30, 2017;
- Maintain the tax rate at 5.4% for taxable periods ending June 30, 2018 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%;
- Require hospitals to pay MET and file a MET return with the Department of Revenue Administration (DRA) on or before April 15th in the taxable period;

- Establish a penalty under RSA 21-J:33-a for the substantial understatement of MET in an amount equal to 25% of the amount of any underpayment attributable to such understatement;
- Allow a MET payment past due by more than 60 days without appeal to be collected from the hospital by means of an offset against any amounts due and payable to such hospital by any program operated by the Department of Health and Human Services; and
- Require every hospital to make a non-binding estimate of its projected April 15th MET payment to the DRA by January 15th. In order to facilitate hospital reporting, the DRA has created Form DP-153-ES “Medicaid Enhancement Tax Payment Non-Binding Estimate.” Form DP-153-ES can be found on the DRA’s website at: www.revenue.nh.gov under “Forms and Instructions” for “Medicaid Enhancement Tax.”

Please be advised, with respect to the new April 15th MET payment date, N.H. Code of Admin. Rules, Rev. 2505.05, requires hospitals to complete and file Form DP-153-ACH, “Medicaid Enhancement Tax Authorization Agreement for Electronic Payments,” with the Department **at least three (3) business days prior to April 15th** to allow for the processing of the electronic funds transfer. Accordingly, for the current taxable period ending June 30, 2015, the DP-153-ACH shall be filed with the Department on or before Friday, April 10, 2015.

Individuals who need auxiliary aids for effective communication in programs and services of the Department of Revenue Administration are invited to make their needs and preferences known to the N.H. Department of Revenue Administration, 109 Pleasant Street, Concord, NH 03301 or by contacting them at (603) 230-5000.