

## **Rate and Accounting Treatment of Health Care Provider Tax Payments**

This issuance addresses the cost reporting of the health care provider tax and explains the rate treatment of the tax expense.

### **I. RATE ADJUSTMENT FOR HEALTH CARE PROVIDER TAX PURSUANT TO V.D.R.S.R. §8.2**

According to V.D.R.S.R. §8.2:

The Division may make, or a provider may apply, for an adjustment to a facility's prospective case-mix rate for additional costs that are a necessary result of complying with changes in applicable federal and state laws, and regulations, or the orders of a State agency that specifically requires an increase in staff or other expenditures.

Beginning on July 1, 1993, rate adjustments will be available under this provision for the cost of complying with 33 V.S.A. §1954 and 1993, No. 56 (Adj. Sess.), which levies a health care provider tax on each nursing facility. Providers are not required to file an application in order to qualify for this rate adjustment. The Division will make the adjustment to the provider's per diem Medicaid payment rate beginning with service rendered from July 1, 1993.

The amount of the adjustment will be based on each provider's tax assessment for the period during which the adjustment is expected to be in effect, divided by the total number of resident days expected during that period (based on a minimum occupancy rate of 90 percent when applicable, V.D.R.S.R. §5.7).

### **II. COST REPORTING OF HEALTH CARE PROVIDER TAX PAYMENTS**

Beginning January 1, 1992, health care provider taxes are allowable costs. Providers should report the cost of the health care provider tax on specific *health care provider tax* line on the revised uniform Cost Report for Nursing Facilities form (P&PI No. 92-13, page CR15 (7/7/93 rev.), line 204).

**Rate and Accounting Treatment of Health Care Provider Tax Payments (cont.)**

Health care provider taxes will be included in the rate as an on-going rate adjustment for as long as they are in effect and these costs will not be included among the costs in categories used as the basis for other rate components. V.D.R.S.R. §8.7(h).

Effective: July 1, 1993

s/Ruth Rivers  
Ruth Rivers  
Director