



Memorandum

Date FEB 1 1994

From Director
Medicaid Bureau

Subject Handling of Impermissible Provider Taxes Under
Medicaid

To The Administrator

Medicaid file

ISSUE

We need to decide how to proceed with the potential disallowances of impermissible provider taxes under the Medicaid program.

BACKGROUND

With the help of the Regional Offices, we have surveyed the States to determine:

- 1) the number of States that have enacted provider tax programs subject to the new regulations;
- 2) which of these taxes appear to be problematic; and,
- 3) which of the taxes will need waivers in order to be permissible.

The results of the survey are shown in the attached tables. While we believe these charts are accurate based upon the information we have, we would caution that there may be some taxes that have not been identified. In addition, these charts were prepared based on a quick review of the tax programs. We still need to read each piece of State legislation to ensure this information is completely accurate. However, we believe the charts reasonably illustrate the number and size of the tax programs in each State.

In general, there are four requirements that a health care related tax must meet in order to be permissible. They are as follows:

1. It must tax a class of items and services listed in the statute or designated by the Secretary in regulations;
2. the tax must be broad-based; i.e., it must tax all of the items or services, or providers of those services, in a class;
3. the tax must be uniformly applied; (The statute lists three specific kinds of taxes that are uniform, and permits the Secretary to determine that other kinds of taxes are also uniform.) and,
4. a tax may not hold taxpayers harmless for their tax payments.

According to the statute and regulations, States are not permitted to hold providers harmless directly through guarantees or other explicit repayment arrangements. In addition, States are not permitted to hold providers harmless indirectly through Medicaid payments. HCFA will consider a hold harmless provision to exist if the tax is applied at a rate in excess of 6 percent of provider revenue and more than 75 percent of providers receive more than 75 percent of their tax costs through Medicaid rate increases and other State payments (75/75 test). The regulations allow States until September 13, 1993, to revise a tax in excess of 6 percent that could not meet the 75/75 test. If the tax was not modified, funds received by the State on/or after September 13, 1993, will be disallowed.

If a tax does not meet all four requirements listed above, the statute gives HCFA the authority to take a disallowance. Specifically, the State's total amount of Medicaid expenditures shall be reduced by the sum of any revenues received by the State during the fiscal year from impermissible provider taxes or donations, before any Federal matching funds are calculated.

TABLES

The following information relates to the 3 tables we have developed on State taxes at issue.

Table 1 -- Taxes Believed to be Impermissible.

This table indicates State tax programs, that on their face, appear to be in violation of the regulations. The table is divided into three parts.

Table 1-A Tax programs that tax classes of health care items and services not designated in the regulations [such as personal care services].

Some of these tax programs, such as the Arkansas home health agency tax, apply to both permissible and impermissible classes. In these cases, the amount of revenue collected and the amount of FFP to be disallowed reflect only the impermissible class.

Table 1-B Tax programs that contain features, such as grant programs or tax credits, that attempt to hold some of the taxpayers harmless for their tax payments.

Table 1-C Tax programs that were permissible only during the State's transition period, but for which the State received revenues after the transition period.

For each tax, we have indicated, where known, the amount of revenue collected under the tax through the end of Fiscal Year 93, and the amount that would be collected in the first quarter of Fiscal Year 94.

Tables 1-A, 1-B, and 1-C indicate that 8 States have enacted 16 tax programs in these categories. For Fiscal Year 93, these taxes produced revenues of \$507.359 million, that will result in approximately \$304.982 million in disallowances. For the first quarter of Fiscal Year 94, these taxes produced revenues of \$39.914 million, that will result in approximately \$25.182 million in disallowances. The tax revenue and disallowance amounts do not include four tax programs for which the revenue collected was not immediately available.

Table 2 -- Taxes That Need Waivers to be Approved.

Table 2-A Taxes that are not broad-based or uniform, and States will need to submit requests for waiver of these requirements.

In general, while we cannot predict with certainty which of these taxes would or would not meet the tests set out in the regulation, a tax that exempts providers with little or no Medicaid utilization or that does not meet the test for favorable presumption would not ordinarily meet the requirements for approval. In this vein, we would note that there are several tax programs (e.g., D.C. nursing home tax) that are unlikely to meet the tests for approval.

Table 2-B Tax programs that are not deemed by the statute to be uniform, but which States can ask the Secretary to deem as uniform.

The statute lists three specific kinds of tax bases that are deemed to be uniform. However, the statute permits States to ask the Secretary to review other kinds of taxes and deem them as uniform. While taxes on Table 2-B may ultimately require a waiver, States should be afforded the opportunity to demonstrate to the Secretary that these taxes are uniform in lieu of a formal waiver request.

Table 3 -- Taxes For Which Additional Information Is Needed.

Table 3 lists a number of tax programs for which there is insufficient information to make a judgement about their permissibility. For the most part, these taxes are recently enacted. We are contacting the States that have these taxes for more information.

RECOMMENDATION

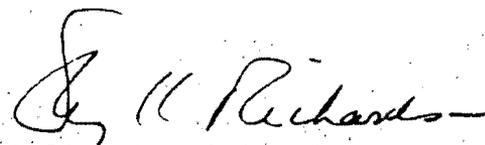
I recommend that we proceed with the disallowances for several reasons. First, the statute that the donations and taxes regulations implement was enacted in 1991. We worked very closely with the States in developing the regulations and they had ample notice to correct impermissible taxes. If HCFA were now to defer taking action on the impermissible taxes, it would send a signal to the States and to Congress that we were not serious about enforcing these regulations. This could lead to more States "stretching the envelope" in developing provider taxes that are not allowable.

Second, as the tables indicate, there is a significant amount of FFP involved in the impermissible taxes, and the amount is growing. Deferral of action on recovery of these funds appears to be imprudent. As indicated in the list of taxes on impermissible classes and taxes with explicit hold harmless problems (Table 1), by the end of the first quarter of Fiscal Year 94, an additional \$25.182 million in disallowances would need to be recovered.

It would be the Medicaid Bureau's preference to handle the taxes in accordance with the following procedures:

- The Regional Administrators will notify, by letter, each State with an apparently impermissible tax. States would be invited to submit any justification they may have as to why the tax should be considered allowable.
- If the States cannot justify their questionable tax programs, the Regional Administrators will initiate disallowances, in keeping with their established process. The States will have the opportunity to follow the established appeals process with the Departmental Appeals Board, if they question HCFA's determination that the tax is impermissible. We will provide you with alerts before we take action on specific disallowances.
- We have drafted instructions for the States to use in submitting requests for waivers of the broad-based and uniform tax requirements. On November 16, 1993, we distributed these instructions to the States via a letter to the State Medicaid Directors.
- The Regional Offices will notify States we believe need waiver of the broad-based and uniform tax rules. These waiver applications will be reviewed by the Medicaid Bureau. When States do not qualify for waiver, any disallowances will be conducted through the established process.

I believe we should meet to more thoroughly discuss this matter.



Sally K. Richardson

Attachment

STATE	DESCRIPTION OF TAX	IMPERMISSIBLE CLASS	TIME PERIOD	TOTAL TAX COLLECTED	FFP DISALLOW.
AR	Personal care services tax applied at a rate of 12.5% of personal care gross receipts. Expired 6/30/93.	Personal care services	4/1/92-9/30/93	\$6.4M	\$4.76M
			10/1/93-12/31/93	\$0	\$0
		Personal care services	2/1/93-9/30/93	\$38,000	\$28,275
	Home Health Agency services or personal care services tax, effective 2/1/93 applied at a rate of 1% of gross receipts.		10/1/93-12/31/93	\$14,000	\$10,424
	A tax, effective 2/1/93 applied at a rate of 1% of gross receipts on nursing facilities, ICFs/MR, residential treatment facilities, adult day care and other long-term care facilities. Effective 7/1/93 rate increases to 2.8%.	Residential treatment services and adult day care services	2/1/93-9/30/93	UNKNOWN	UNKNOWN
			10/1/93-12/31/93	UNKNOWN	UNKNOWN
NY	Patient care services tax, effective 1/1/91 through 3/31/94 applied at a rate of .6% on gross receipts from all patient care services. This tax is imposed on the following entities: general hospitals, residential health care facilities (NF), diagnostic and treatment centers, certified home health agencies, long-term home health care programs, personal care providers, ICF/MR, mental retardation day treatment providers, mental retardation specialty and residential treatment facilities for children.	Personal care services, mental retardation day treatment services and mental retardation specialty hospital services	10/1/92-9/30/93	\$14.3M	\$7.15M
			10/1/93-12/31/93	\$3.575M	\$.525M

STATE	DESCRIPTION OF TAX	IMPERMISSIBLE CLASS	TIME PERIOD	TOTAL TAX COLLECTED	FFP DISALLOW.
NY	ICF/MR tax, effective 4/1/92 through 3/31/93 applied at a rate of 2.4% of gross receipts from all patient care services. The tax is also imposed on mental retardation day treatment centers and mental retardation specialty hospitals.	Mental retardation day treatment services and mental retardation specialty hospital services	4/1/92-9/30/93 10/1/93-12/31/93	\$4.2M \$1.05M	\$2.1M \$.525M
	Laboratory fee is a flat fee, established annually by the State, and is charged uniformly to all free-standing clinical laboratories and laboratories within hospitals. The fee is based on laboratory's gross receipts, effective 4/1/64.	Laboratory services within a hospital	10/1/92-9/30/93 10/1/93-12/31/93	UNKNOWN UNKNOWN	UNKNOWN UNKNOWN
	An assessment of .3% of gross revenues for certified home health agencies and long-term home health care programs, effective 8/1/92 through 3/31/94.	Certain long-term home health care services	10/1/92-9/30/93 10/1/93-12/31/93	UNKNOWN UNKNOWN	UNKNOWN UNKNOWN

STATE	DESCRIPTION OF TAX	HOLD HARMLESS/GRANT	TIME PERIOD	TOTAL TAX COLLECTED	FFP DISALLOW.
FL	Nursing facility tax applied at a rate of \$1.50 per patient day. Excludes comprehensive care centers. Hold harmless existed 7/1/92-5/1/93. Expired 5/1/93.	Tax program contained an explicit guarantee of repayment to the taxpayer.	7/1/92-9/30/93	\$26.9M	\$14.8M
			10/1/93-12/31/93	\$0	\$0
HI	Long-term care tax applied at a rate of 6% of long-term care revenues. Includes an income tax credit to private pay patients, effective 10/1/93.	Income tax credit guarantees repayment of part of the tax through a non-Medicaid payment.	NA	\$0	\$0
			10/1/93-12/31/93	\$.875M	\$.4375M
IL	Nursing facility tax applied at a rate of \$1 per occupied bed. Nursing facility prohibited from billing or passing it on to any resident or third party payor. Proceeds from this tax used to establish a grant program. Designed to offset \$6.30 tax paid by private pay patients. Excludes sole community providers. Expired 6/30/93.	Grant program established to offset \$6.30 NF tax guarantees repayment of part of the tax through a non-Medicaid payment.	7/1/92-6/30/93	\$30.633M	\$15.32M
			7/1/93-9/30/93	?	?
			10/1/93-12/31/93	\$0	\$0
	Nursing facility tax applied at a rate of \$6.30 per occupied bed. Excludes Cook County and sole community long-term care providers. Expired 6/30/93.	Tax is offset through grant program established above.	7/1/92-6/30/93	\$192.988M	\$96.5M
		7/1/93-9/30/93	?	?	
		10/1/93-12/31/93	\$0	\$0	
LA	Nursing facility tax applied at a rate of \$10 per occupied bed. The tax is then passed on to the patient through increased nursing facility rates. Long-Term Care Assistance Program. Effective 7/1/93 rate decreases to \$3.68 per bed.	Grant program established to offset \$10 NF tax guarantees repayment of part of the tax through a non-Medicaid payment.	7/1/92-9/30/93	\$120M	\$88.5M
			10/1/93-12/31/93	\$10.5M	\$7.7M

STATE	DESCRIPTION OF TAX	HOLD HARMLESS/GRANT	TIME PERIOD	TOTAL TAX COLLECTED	FFP DISALLOW.
NV	Hospital tax applied at the following rates: not less than 1%, nor more than 7%, on the operating costs of a hospital; not less than 1%, nor more than 4%, on the billed charges of a hospital; not more than 100% of the State share of the amount of the Medicaid payment made to a hospital for services provided to inpatients; or any combination of the above three rates with the exception that the total amount of the tax must not exceed the amount that would be generated by a tax at the maximum rate allowed by the first two rates, whichever is greater. The amount paid to a hospital must at least equal the amount of the tax imposed that was paid by the hospital in the preceding month, plus \$100,000 in each fiscal year, effective 7/1/93.	Tax program contains an explicit guarantee of repayment to the taxpayer.	7/1/93-9/30/93 10/1/93-12/31/93	UNKNOWN UNKNOWN	UNKNOWN UNKNOWN
TN	Nursing facility tax of \$2600 annually on licensed beds in all nursing facilities in the State. The nursing facility passes the cost of the tax to the patient. Grant Assistance Program provides for a payment to certain private pay patients.	Grant program established to offset \$2600 NF tax guarantees repayment of part of the tax through a non-Medicaid payment.	7/1/92-9/30/93 10/1/93-12/31/93	\$108.8M \$23.9M	\$73.52M \$15.98M
UT	An assessment on hospitals, hospital based ASCs and freestanding ASCs. Excludes hospitals owned by HMOs, Utah State hospital and rural hospitals.	Income tax deduction guarantees repayment of part of the tax through a non-Medicaid payment.	? 10/1/93-12/31/93	? ?	? ?

STATE	DESCRIPTION OF TAX	IMPERMISSIBLE CLASS	TIME PERIOD	TOTAL TAX COLLECTED	FFP DISALLOW.
AR	Excise tax equal to 15% of the State's share of Medicaid costs on all health care providers. Expired 6/30/93, however, State received collections in 7/93 and 8/93.	?	7/1/93-9/30/93 10/1/93-12/31/93	\$2.1M \$0	\$1.56M \$0
	A tax applied at a rate of 50% of the State's share of payments for personal care services provided to residents of residential care facilities. Expired 6/30/93, however, State received collections past 7/1/93.	Personal care services	7/1/93-9/30/93 10/1/93-12/31/93	\$1M \$0	\$.744M \$0
	Total Reduction in FFP Pre 10/1/93 =	\$304,982,000			
	Total Reduction in FFP 1st Qtr. FFY 94 =	\$25,182,000			

GROUP 1

STATE	DESCRIPTION OF TAX	BROAD BASED/UNIFORM WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
AL	A \$.10 surcharge on each prescription filled or refilled with a retail price of \$3.00 or more.	YES	1/1/93-9/30/93 10/1/93-12/31/93	\$3.1M \$1M	\$2.215M \$712,200
CT	Hospital payment tax applied at a rate of 8.5%, excluding psychiatric and chronic hospitals.	YES	1/1/92-9/30/93 10/1/93-12/31/93	\$518.661M UNKNOWN	\$259.33M UNKNOWN
	Effective 5/24/93, rate decreased to 2.5%.	YES	5/24/93-9/30/93 10/1/93-12/31/93	{INC.ABOVE} UNKNOWN	{INC.ABOVE} UNKNOWN
	Effective 5/24/93, new class hospital added to sales tax at 6% but tax rate treated differently than other classes.	YES	5/24/93-9/30/93 10/1/93-12/31/93	{INC.ABOVE} UNKNOWN	{INC.ABOVE} UNKNOWN
DC	Nursing home tax applied at a rate of \$11.86 per patient day. Excludes continuing care retirement communities.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$8.66M \$2.165M	\$4.33M \$1.0825M
HI	Hospital tax applied at a rate of 4% of hospital revenues, effective 1/1/94.	YES	NA	NA	NA
IL	Hospital tax applied at a rate of 2.5% of adjusted gross revenue, excluding sole community providers and Cook County hospitals. Expired 6/30/93.	YES	7/1/92-6/30/93 7/1/93-9/30/93 10/1/93-12/31/93	\$254.180M ? NA	\$127.09M ? NA

STATE	DESCRIPTION OF TAX	BROAD BASED/UNIFORM WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
IL	Hospital tax, effective 7/1/93 applied at a rate of 1.88% of adjusted gross revenue, excluding sole community providers and Cook County hospitals. Payment due 9/30/93.	YES	7/1/93-9/30/93 10/1/93-12/31/93	\$0 \$65.3125M	\$0 \$32.656M
IN	Hospital tax that applies to hospitals in cities with specified populations, with a rate set somewhere between 1% and 32% of a provider's taxable income. This tax has not yet been implemented, but would be retroactive to 10/1/92 upon approval of SPA 92-24. Not yet collected.	YES	10/1/92-9/30/93 10/1/93-12/31/93	(\$19.272M) ?	(\$12.18M) ?
	Hospital tax, effective 7/1/93 that replaces above hospital tax. Revises rate to up to 50%.	YES	7/1/93-9/30/93 10/1/93-12/31/93	\$0 \$6.424M	\$0 \$4.08M
	ICF/MR tax applied at a rate of up to 5% of gross residential services revenue, including community residential facilities for the developmentally disabled (certified ICFs/MR), effective 10/1/93.	YES	7/1/93-9/30/93 10/1/93-12/31/93	\$0 \$8.655M	\$0 \$5.495M
KY	A tax applied at a rate of 15% of gross Medicaid revenues for physicians, dentists, optometrists, and mental health providers. Bad class expired 6/30/93.	YES	7/1/93-9/30/93 NA	\$100,000 \$60,000	\$71,690 \$42,546
	Hospital tax, effective 7/1/93 applied at a rate of 2.5% of gross revenues.	YES	7/1/93-9/30/93	\$29M	\$20.79M
MA	Hospital tax applied at a rate of 6.95% of acute care hospital revenue.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$254.182M \$34.7M	\$127.091M \$17.35M

STATE	DESCRIPTION OF TAX	BROAD BASED/UNIFORM WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
MN	Minnesota Care tax program, effective 1/1/93 applied at a rate of 2% of gross revenue for hospitals and ambulatory surgical centers.	YES	1/1/93-9/30/93 10/1/93-12/31/93	\$21.7M \$16.375M	\$11.92M \$8.949M
	Hospital tax applied at a rate of 1.4% of net patient revenue, excluding Medicare and HMOs. Effective 7/1/93 rate increases to 1.56%.	YES	7/1/92-9/30/93 10/1/93-12/31/93	\$27.57M \$8.42M	\$15.144M \$4.6M
MO	Hospital tax, effective 10/1/92 applied at a rate that is set annually by the Department of Social Services. Excludes Shriners hospital.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$410.567M \$190.827M	\$247.4M \$115.72M
NH	Hospital tax applied to general and rehabilitative hospitals at a rate not to exceed 6%, effective 7/1/93. Excludes psychiatric hospitals.	YES	7/1/93-9/30/93 10/1/93-12/31/93	\$0 \$87.172M	\$0 \$40.586M
NY	General hospital tax, effective 1/1/91 through 12/31/93 applied at a rate of 1% of gross revenue received for inpatient hospital services. Excludes psychiatric and specialty hospitals.(Also next 4)	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$143.3M \$35.8M	\$71.65M \$17.9M
	General hospital tax, effective 1/1/91 through 12/31/93 averages 5.48% Statewide on hospital rates for all non-Medicare and non-Medicaid payers.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$551.6M \$137.9M	\$275.8M \$68.95M
	General hospital tax, effective 1/1/91 through 12/31/93 applied at a rate of .23% on hospital rates for all non-Medicare and non-Medicaid payers.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$22.3M \$5.6M	\$11.15M \$2.8M

STATE	DESCRIPTION OF TAX	BROAD BASED/UNIFORM WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
NY	General hospital tax, effective 1/1/91 through 12/31/93 applied at a rate of .235% on hospital rates for all non-Medicare and non-Medicaid payers.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$23.7M \$5.9M	\$11.85M \$2.95M
	General hospital tax, effective 1/1/91 through 12/31/93 applied at a rate of .1% of gross receipts received from all patient care services.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$18.9M \$4.7M	\$9.45M \$2.35M
	Patient care services tax, effective 1/1/91 through 3/31/94 applied at a rate of .6% on gross receipts from all patient care services. This tax is imposed on the following entities: general hospitals, residential health care facilities (NF), diagnostic and treatment centers, certified home health agencies, long-term home health care programs, personal care providers, ICF/MR, mental retardation day treatment providers, mental retardation specialty and residential treatment facilities for children.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$156.2M \$39.025M	\$78.1M \$19.513M
	Residential health care facility tax (NF), effective 4/1/92 through 3/31/94 applied at a rate of 1.2% of gross receipts from all patient care services.	YES	4/1/92-9/30/93 10/1/93-12/31/93	\$62.6M \$15.6M	\$31.3M \$7.8M
	ICF/MR tax, effective 4/1/92 through 3/31/93 applied at a rate of 2.4% of gross receipts from all patient care services. The tax is also imposed on mental retardation day treatment centers and mental retardation specialty hospitals.	YES	4/1/92-9/30/93 10/1/93-12/31/93	\$10.8M \$2.65M	\$5.4M \$1.325M

STATE	DESCRIPTION OF TAX	BROAD BASED/UNIFORM WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
NY	HMO tax, effective 7/1/92 through 12/31/93 applied at a rate up to 9% of inpatient hospital reimbursement rates for HMOs.	YES	7/1/92-9/30/93 10/1/93-12/31/93	\$16.9M \$10.7M	\$8.45M \$5.35M
	Commercial insurance tax, effective 4/1/92 through 3/31/93 applied at a rate of 11% on inpatient reimbursement rates for commercial insured.	YES	4/1/92-9/30/93 10/1/93-12/31/93	\$35.2M \$0	\$17.6M \$0
	A charge/fee of \$.50 per triplicate prescription form. This form is used by certain providers dispensing certain controlled substances, effective 4/1/76.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$1.7M \$.4M	\$850,000 \$200,000
	Narcotics dispensing fee applied at a rate from \$50 to \$600 charged against dispensers of controlled substances, including general hospitals and nursing homes, effective 4/1/89.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$.3M \$75,000	\$150,000 \$37,500
	Application fee of \$1,000 for CON submission, plus an additional fee of .4% of project cost for projects going before the State Hospital Review and Planning Council, effective 4/1/89.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$8.1M \$2M	\$4.05M \$1M
	Mortgage development fee of .9%, and mortgage operational fee of .2% of the mortgage loan amount charged against eligible hospital and nursing home borrowers, effective 5/19/72.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$5.8M \$1.4M	\$2.9M \$700,000

STATE	DESCRIPTION OF TAX	BROAD BASED/UNIFORM WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
NY	Statewide Planning and Research Cooperative System (SPARCS) fee is a flat fee established annually by the State, and is charged uniformly to all general hospitals, effective 1/1/86. There is a maximum cap of .1% of total costs.	YES	10/1/92-9/30/93	\$2.7M	\$1.35M
			10/1/93-12/31/93	\$.7M	\$350,000
	Mortgage closing fee and mortgage re-financing fee of .9% of mortgage closing and .5% of mortgage refinancing, of both Federally aided mortgage loans and loans through the New York State Dormitory Authority, applied to health care facilities, effective 4/1/89.	YES	10/1/92-9/30/93	\$4.5M	\$2.25M
			10/1/93-12/31/93	\$1.1M	\$550,000
TN	A tax, effective 7/1/92 applied at a rate of 6.75% of gross charges on all hospitals, psychiatric hospitals, ambulatory surgical centers, and certain non-health care related entities.	YES	7/1/92-9/30/93	\$465M	\$314.2M
			10/1/93-12/31/93	\$99.4M	\$66.75M

STATE	DESCRIPTION OF TAX	BROAD BASED/UNIFORM WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
UT	A tax on hospitals and ASCs, excluding HMO owned, rural, and Utah State hospitals. The assessment shall be based upon a quarterly rate times the number of adjusted inpatient days for the hospital; or for ASCs, a quarterly rate times the number of patient encounters for the facility. This quarterly rate shall be set at a rate that will generate revenues for the partial calendar quarter of May and June 1993 in the amount of \$1.5M. For FY 1993-94 in the amount of \$8.8M and for FY 1994-94 in an amount not to exceed \$10.2M.	YES	5/1/93-9/30/93	\$3.7M	\$2.79M
			10/1/93-12/31/93	\$2.2M	\$1.64M
VT	Hospital tax applied at a rate of 2% of audited gross patient revenues.	YES	7/1/93-9/30/93	\$2.15M	\$1.29M
			10/1/93-12/31/93	\$2.15M	\$1.28
	ICF/MR annual assessment of 6% of total annual direct/indirect expenses for the most recently settled audit.	YES	7/1/93-9/30/93	\$275,000	\$164,670
			10/1/93-12/31/93	\$275,000	\$163,763

TAXES WHICH NEED WAIVERS TO BE APPROVED

TABLE 2-B

GROUP 2

STATE	DESCRIPTION OF TAX	UNIFORMITY WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
AL	Hospital tax applied at a rate of \$25 per patient day divided by Medicare case mix for discharges. Expired 3/31/93. Excludes hospitals providing rehabilitation treatment.	YES	1/1/93-3/31/93 NA	\$10.5M NA	\$7.5M NA
DC	Hospital tax applied at a rate of 1.5% of each hospital's net patient services revenue, excluding net Medicaid revenue.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$19.8M \$4.95M	\$9.9M \$2.475M
	ICF/MR tax applied at a rate of \$15.29 per patient day.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$3.76M \$.94M	\$1.8M \$470,000
IL	Nursing facility tax applied at a rate of \$1.50 per licensed bed day, effective 7/1/93.	YES	7/1/93-9/30/93 10/1/93-12/31/93	\$13.75M 413.75M	\$6.875M \$6.875M
LA	ICF/MR tax, effective 7/1/92 applied at a rate of \$30 per occupied bed per day. Effective 7/1/93 rate decreases to \$8.74 per occupied bed day.	YES	7/1/92-9/30/93 10/1/93-12/31/93	\$61M \$5M	\$44.9M \$3.67M
MN	Nursing facility tax applied at a rate of \$535 per licensed bed. Effective 7/1/93 rate increases to \$620 per licensed bed.	YES	10/1/92-9/30/93 10/1/93-12/31/93	\$21.280M \$6.795M	\$11.69M \$3.71M

STATE	DESCRIPTION OF TAX	UNIFORMITY WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
MS	Nursing facility and ICF/MR tax applied at a rate not to exceed \$2 per occupied bed per day. Tax is currently \$1 per occupied bed day.	YES	1/1/92-9/30/93	\$6.9M	\$5.45M
			10/1/93-12/31/93	\$1.5M	\$1.18M
MT	Nursing facility tax, effective 7/1/91 applied at a rate of \$1 per patient day in FY 1992 and \$2 per patient day in FY 1993 to all Medicare, Medicaid and other third party beds, excluding private pay. Effective 7/1/93 \$2 tax applies to all beds through 6/30/95.	YES	7/1/93-9/30/93	\$2.9M	\$2.06M
			10/1/93-12/31/93	\$2.9M	\$2.07M
OH	ICF/MR tax applied at a rate of \$8.05 per bed day franchise permit fee.	YES	7/1/93-9/30/93	\$0	\$0
			10/1/93-12/31/93	?	?
	Nursing facility tax, effective 7/1/93 applied at a rate of \$1 per nursing home bed day franchise permit fee.	YES	7/1/93-9/30/93	\$0	\$0
			10/1/93-12/31/93	\$7.493M	\$4.558M
SC	Hospital tax, effective 1/1/92 revising an old tax by establishing the basis of the tax as the number of patient days from the prior year attributed to SC residents, excluding Medicaid patient days, adjusted by the hospital's ratio of total net to gross revenue. Hospital tax revenue (total for in-State and out-of-State providers) must total \$21.5M per SFY.	YES	7/1/92-9/30/93	\$21.5M	\$15.325M
			10/1/93-12/31/93	\$5.375M	\$3.821M
	ICF/MR tax, effective 7/1/93 applied at a rate of \$5 per patient day.	YES	7/1/93-9/30/93	\$3.81M	\$2.716M
			10/1/93-12/31/93	\$3.81M	\$2.708M

STATE	DESCRIPTION OF TAX	UNIFORMITY WAIVER NEEDED	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
UT	Nursing facility and ICF/MR tax imposes a \$1 per patient day surcharge, adjusted annually for inflation.	YES	10/1/92-9/30/93	\$615,000	\$463,034
			10/1/93-12/31/93	\$615,000	\$457,253
VT	Nursing home tax applied at a rate of \$725 per licensed bed, effective 7/1/92.	YES	7/1/92-9/30/93	\$3.375M	\$2.021M
			10/1/93-12/31/93	\$675,000	\$401,963
WI	Nursing facility tax applied at a rate of \$32 per month on occupied beds.	YES	7/1/92-9/30/93	\$20.448M	\$12.35M
			10/1/93-12/31/93	\$4.121M	\$2.5M
	ICF/MR tax imposes a \$68 monthly charge on occupied ICF/MR beds. Effective 7/1/93 rate increases to \$97. Effective 7/1/94 rate increases to \$100.	YES	7/1/92-9/30/93	\$2.788M	\$1.68M
			10/1/93-12/31/93	\$744,900	\$450,441

TAXES FOR WHICH ADDITIONAL INFORMATION
IS NEEDED

TABLE 3

STATE	DESCRIPTION OF TAX	BAD CLASS	WAIVER NEEDED	HOLD HARM	GRANT	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
GA	Ambulatory tax based on the number of emergency ambulances and providers. Fixed licensing fee for each provider; variable fee based on the number of ambulances per provider.	?	?	?	NO	7/1/93-9/30/93 10/1/93-12/31/93	UNKNOWN UNKNOWN	UNKNOWN UNKNOWN
KY	Hospital tax, effective 7/1/93 applied at a rate of 2.5% of gross revenues.	?	?	?	NO	7/1/93-9/30/93 10/1/93-12/31/93	\$29M \$43.5M	\$20.79M \$30.846M
	A tax, effective 7/1/93 applied at a rate of 2% of gross revenues on all nursing facilities, ICFs/MR, home health services, HMO services, physician services and any other specific health care items or services permitted under Federal regulations.	?	?	NO	NO	7/1/93-9/30/93 10/1/93-12/31/93	\$8.9M \$13.3M	\$6.38M \$9.43M
ME	Nursing home tax applied at a rate of 7% of gross receipts.	NO	NO	?	NO	7/1/93-9/30/93 10/1/93-12/31/93	\$5.25M \$5.25M	\$3.245M \$3.253M
NE	Physicians tax, effective 8/1/93 applied at a rate of \$400.	NO	NO	?	NO	8/1/93-9/30/93 10/1/93-12/31/93	\$208,333 \$312,500	\$127,750 \$193,688
	Hospital Authority levies taxes. Effective 8/1/93.	?	?	?	?	8/1/93-9/30/93 10/1/93-12/31/93	\$2.851M \$4.365M	\$1.748M \$2.705M

STATE	DESCRIPTION OF TAX	BAD CLASS	WAIVER NEEDED	HOLD HARM	GRANT	TIME PERIOD	TOTAL TAX COLLECTED	POTENTIAL FFP DISALLOWANCE
WA	ICF/MR tax applied at a rate of 6% of gross patient revenue, effective 7/1/93.	NO	NO	?	NO	7/1/93-9/30/93	\$2.707M	\$1.489M
						10/1/93-12/31/93	\$2.707M	\$1.468M
	Hospital tax, effective 7/1/93 applied at a rate of .75% of gross patient (inpatient and outpatient) revenues.	NO	NO	?	NO	7/1/93-9/30/93	\$2.6M	\$1.431M
						10/1/93-12/31/93	\$3.9M	\$2.116M
ICF/MR tax applied at a rate of 6% of gross patient revenue, effective 9/13/93.	NO	NO	?	NO	9/13/93-9/30/93	\$500,000	\$275,100	
					10/1/93-12/31/93	\$2.707M	\$1.47M	
WI	Some percentage assessment.?	?	?	?	?	?	?	?