

# City of Philadelphia



(Bill No. 080465)

## AN ORDINANCE

Amending Title 19 of The Philadelphia Code, entitled “Finance, Taxes and Collections,” by adding a new Chapter imposing an Assessment on certain Net Operating Revenue of General Acute Care hospitals, under certain terms and conditions.

WHEREAS, It is of paramount public interest that access to quality health care including emergency services shall be available to all citizens of Philadelphia; and

WHEREAS, General Acute Care Hospitals within the City are suffering significant financial strain due to shortfalls between their costs in providing such health care services and the reimbursements they receive for those services; and

WHEREAS, The City recognizes the need to identify additional funding sources to ensure continuity of health care and access for all citizens to emergency services; and

WHEREAS, Pursuant to proposed legislation or proposed amendments to the Pennsylvania Public Welfare Code, the General Assembly of the Commonwealth is currently considering legislation to authorize cities of the first class to impose an Assessment for the purpose of establishing such an additional funding source; now, therefore

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Title 19 of The Philadelphia Code is hereby amended to read as follows:

### TITLE 19. FINANCE, TAXES, AND COLLECTIONS.

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#### *CHAPTER 19-3500. GENERAL ACUTE CARE HOSPITAL ASSESSMENT.*

*§19-3501. Definitions. In this Chapter, the following words and phrases shall have the meanings given to them in this Section, unless the context clearly indicates otherwise:*

*(1) “Assessment.” The fee to be assessed every general acute care hospital within the City.*

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(2) “*Exempt Hospital.*” *A Hospital that the Secretary has determined meets one of the following: (i) it is excluded pursuant to 42 C.F.R. § 412.23 (a) through (f) effective as of March 20, 2008 from reimbursement of certain Federal funds under the prospective payment systems described by 42 C.F.R § 412 et seq.; (ii) it is a federal Veterans’ Affairs hospital; (iii) it provides care, including inpatient hospital services, to all patients free of charge; or (iv) it provides over 100,000 days of care to Medicaid patients per year.*

(5) “*General Acute Care Hospital.*” *A Hospital other than an Exempt Hospital.*

(6) “*Hospital.*” *A facility licensed by the Pennsylvania Department of Health as a hospital under 28 Pa. Code, Part IV, Subpart B (relating to general and special hospitals).*

(7) “*Net Operating Revenue.*” *Gross charges for facilities less any deducted amounts for bad debts, charity care, and payer discounts as those terms are applied pursuant to 42 C.F.R. § 433.68 (d)(1)(iii).*

(8) “*Secretary.*” *The Secretary of Public Welfare for the Commonwealth.*

## *§19-3502. Imposition of the General Acute Care Hospital Assessment.*

(1) *Subject to §19-3503, effective January 1, 2009 and thereafter, an Assessment is hereby imposed upon every General Acute Care Hospital in the City in an amount equal to 3.93% of annual Net Operating Revenue excluding Medicare Net Operating Revenue.*

(2) *Notwithstanding any exemptions granted by any other Federal, State or local tax or other law, including, without limitation, Section 204(a)(3) of the Act of May 22, 1933 (P.L.853), known as the General County Assessment Law, no general acute care hospital shall be exempt from the Assessment.*

## *§19-3503. Cessation of Assessment.*

(1) *The Assessment shall not be imposed or effective during any period for which the Secretary certifies to the Director of Finance that (a) revenues generated by the Assessment will not qualify as the Commonwealth share of program expenditures eligible for Federal financial participation, or (b) that the Assessment proceeds will exceed the maximum aggregate amount that may be assessed under 42 CFR 433.68(f)(3)(i) or any other maximum established under Federal law.*

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## *§19-3504. Notice, Returns and Payment.*

*(1) On or before January 1, 2009, and on or before July 1 of each year in which the Assessment is in effect or imposed, the Department shall provide notice of the rate of the Assessment to each General Acute Care Hospital. Failure to provide notice shall not relieve any General Acute Care Hospital of any obligation hereunder.*

*(2) Returns shall be filed on such forms as the Department may prescribe, and the Assessment shall be payable, quarterly, by no later than thirty days after the end of each fiscal quarter.*

*(3) Every General Acute Care Hospital making a return shall certify the correctness thereof.*

## *§ 19-3503. Deposit and Distribution of Tax Revenues.*

*(1) The Department shall collect the Assessment from General Acute Care Hospitals and deposit the revenues received therefrom in a special fund established for purposes set forth herein.*

*(2) The special fund established under subsection (1) shall be used solely as follows:*

*(a) Remittance to the Commonwealth for deposit into that restricted account within the General Fund established by the Commonwealth for appropriation to the Commonwealth Department of Public Welfare for the purposes of making supplemental or increased medical assistance payments for emergency department within the City and to maintain or increase other medical assistance payments to Hospitals within the City.*

*(b) Such other purposes as may be authorized pursuant to an agreement between the Revenue Commissioner and the Secretary, which amounts shall include, but not be limited to, the City's costs of administration.*

## *§19-3504. Administration and Enforcement.*

*(1) The provisions of Chapter 19-500, entitled "Taxes and Rents - General," shall apply to the administration and enforcement of this Chapter.*

*(2) The Department is hereby authorized to promulgate regulations governing the administration, and enforcement of the provisions of this Chapter.*

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SECTION 2. This Ordinance shall be effective upon certification by the City Solicitor to the Chief Clerk of Council that the necessary authorizing legislation has been enacted by the General Assembly and that the Revenue Commissioner and the Commonwealth Secretary of Public Welfare have entered into an agreement regarding authorized retention of funds to offset administrative and other expenses by the City.

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**Explanation:**

*Italics* indicate new matter added.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on May 22, 2008. The Bill was Signed by the Mayor on May 22, 2008.



Patricia Rafferty  
Chief Clerk of the City Council