

## KENTUCKY HEALTH CARE PROVIDER TAX RETURN

Effective July 1, 2013, pursuant to KRS 142.361(1)(d), the following rate adjustments occurred for nursing facility services:

- Class 15 rate change from \$3.00 per non-Medicare bed day to \$3.64
- Class 77 rate change from \$1.50 per non-Medicare bed day to \$1.82
- Class 88 rate change from \$3.40 per non-Medicare bed day to \$4.12
- Class 99 rate change from \$10.60 per non-Medicare bed day to \$12.85

These revised assessment rates are based on the most recently available nursing facility revenue data and are calculated to reach but not exceed the allowable tax limits of each class.

### NURSING FACILITIES

Effective for the July 2004 return, the tax on nursing facility services is no longer based on gross revenues. The tax is now based on a non-Medicare patient bed day basis. "Total non-Medicare patient bed days" means:

**Total Non-Medicare Patient Bed Days**—Total census days for which Medicare is not the primary payer for the resident's care.

**Total Census Days**—Represents the sum of the number of residents that were present in the facility during each day of the reporting period. Census information shall be based on a resident's status at midnight at the end of each day. When a resident is on a reserve bed status and a per diem rate is charged, the reserved day(s) shall be included in the Total Census Days.

Hospital-based nursing facility providers shall pay tax at the rate of \$3.64 per non-Medicare patient bed day. **Note that new hospitals are subject to a 2.5 percent tax on the gross revenues received from hospital services.**

Nursing facilities with a total bed capacity of 60 or fewer beds shall pay at the rate of \$1.82 per non-Medicare bed patient day. "Total bed capacity" means:

**Total Bed Capacity**—The combination of licensed nursing home beds, licensed nursing facility beds and licensed intermediate care facility beds.

All other nursing facility providers subject to the tax shall pay at the rate of \$4.12 per non-Medicare patient bed day if the facility has annual total census days exceeding 60,000, or \$12.85 per non-Medicare patient bed day if the facility has annual total census days equal to or less than 60,000. "Annual total census days" means:

**Annual Total Census Days**—The number of total census days for the preceding year, calculated on a fiscal year basis.

Per KRS 142.361(1)(d), the rates may be adjusted annually on July 1 of each year by the Department for Medicaid Services. Notification of any rate change shall be provided to the Department of Revenue and to taxpayers in writing at least thirty (30) days prior to the new rate going into effect.

### GENERAL INFORMATION

The Kentucky Health Care Provider Tax Return, Revenue Form 73A060, is a machine-readable form. Complete the form provided.

**Timely returns must be filed even if taxable services were not provided or no tax is due for the period.** Do not send a photocopy or facsimile return.

Using a No. 2 lead pencil or black ink, carefully print the numbers inside the boxes according to the example provided at the top of the return. Do not use blue ink, typewritten numbers or dollar signs. Do not write across the face of the return. Round all amounts to the nearest dollar. Taxpayers who have obtained prior approval from the Department of Revenue may file a consolidated return when:

- (1) multiple services are provided at one location; or
- (2) multiple locations provide the same health care items or services.

The Kentucky health care provider tax is imposed on gross revenues received by all providers for the provision of hospital services, intermediate care facility services for the mentally retarded, licensed home health care agency services, supports for community living services, regional community mental health and mental retardation services, psychiatric residential treatment facility services and Medicaid managed care organization services. Nursing facility services are taxed on non-Medicare patient bed days during the month.

**Gross Revenues**—Gross revenues include all payments received in money or otherwise from patients, private insurers, third-party payers, HMOs, Medicaid, Medicare or any other source for the provision of health care items or services provided in Kentucky. Any refunds issued during the reporting period that resulted from duplicate payment by insurers and/or patients should reduce gross revenues.

Gross revenues do not include:

- a. revenues received as an employee or through contractual arrangements with a provider subject to the tax;
- b. grants or donations received from federal, state or local government or from an organization recognized as exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code for (1) research or for (2) administrative or operating costs associated with the implementation and operation of an experimental program;
- c. any other revenue received that is not for the provision of health care items or services, i.e., cafeteria sales, gift shop sales, vending machine sales, rental of office space, investment income, depositions, medical record reviews for litigation, etc.

### EXPLANATION OF TAXABLE SERVICES

**Hospital Services**—The term "hospital services" means all inpatient and outpatient services provided by a hospital. "Hospital services" do not include any other taxable services for which the hospital is separately licensed. (See instructions for Lines 2 through 11.)

**Licensed Home Health Care Agency Services**—The following health care items or services provided by a licensed home health care agency to a recipient at his place of residence and on a physician's orders are considered licensed home health care agency services:

- a. nursing services provided on a part-time or intermittent basis;
- b. home health aid services;
- c. physical therapy, occupational therapy or speech pathology and audiology services; and
- d. medical supplies, equipment and appliances that are suitable for use in the home.

## LINE-BY-LINE INSTRUCTIONS

**Line 1, Class 01—Hospitals**—Enter gross revenues received for the provision of hospital services. Multiply the gross revenues entered on line 1 by 2.5 percent. Enter the amount computed on line 1, Amount of Tax. Round gross revenues and tax amounts to the nearest dollar.

**Line 2, Class 12—Licensed Home Health Agency Services**—Enter the gross receipts for the provision of licensed home health agency services. Multiply the gross receipts by 2 percent and enter the amount on line 2.

**Line 3, Class 14—ICF-MR Services**—Enter the gross receipts for the provision of ICF-MR services. Multiply the gross receipts by 5.5 percent and enter the amount on line 3.

**Line 4, Class 30—Regional Community Mental Health and Mental Retardation Services**—Enter the gross receipts for the provision of RCMH-MR services. Multiply the gross receipts by 4 percent and enter the amount on line 4.

**Line 5, Class 31—Psychiatric Residential Treatment Facility Services**—Enter the gross receipts for the provision of PRTF services. Multiply the gross receipts by 5.5 percent and enter the amount on line 5.

**Line 6, Class 32—Medicaid Managed Care Organization Services**—Enter the gross receipts for the provision of MMCO services. Multiply the gross receipts by 5.5 percent and enter the amount on line 6.

**Line 7, Class 33—Supports for Community Living Services**—Enter the gross receipts for the provision of supports for community living services. Multiply the gross receipts by 5.5 percent and enter the amount on line 7.

**Line 8, Class 15—Hospital Based Nursing Facilities**—Enter the total amount of non-Medicare patient bed days for the month. Multiply the total non-Medicare patient bed days by \$3.64 and enter the amount on line 8.

**Line 9, Class 77—Non-Hospital Based Nursing Facility Services for those Facilities with a Total Bed Capacity of 60 or Fewer Beds**—Enter the total amount of non-Medicare patient bed days for the month. Multiply the total non-Medicare patient bed days by \$1.82 and enter the amount on line 9. Facility must contain licensed intermediate care facility beds as of September 1, 2005.

**Line 10, Class 88—Non-Hospital Based Nursing Facility Services for those Facilities with Annual Total Census Days Exceeding 60,000**—Enter the total amount of non-Medicare patient bed days for the month. Multiply the total non-Medicare patient bed days by \$4.12 and enter the amount on line 10.

**Line 11, Class 99—Non-Hospital Based Nursing Facility Services for those Facilities with Annual Total Census Days Less than or Equal to 60,000**—Enter the total amount of non-Medicare patient bed days for the month. Multiply the total non-Medicare patient bed days by \$12.85 and enter the amount on line 11.

**Line 12, Tax Due**—Add the amount of tax computed on lines 1 through 11.

**Line 13, Preauthorized Credits**—If you have received a written preauthorized credit memo from the Department of Revenue, indicate the credit memo date in the space provided. Enter only credit amounts previously authorized. If the amount of authorized credit is greater than the **Tax Due** on line 12, claim only an amount equal to line 12. Any remaining credit may be claimed on the next return filed. Do not use a minus sign, brackets, parentheses or other marks to indicate a credit amount.

**Line 14, Net Tax Due**—Subtract line 13 from line 12. Enter the amount computed on line 14.

**Line 15, Penalties**—

**Failure to File a Timely Return**—2 percent for each 1-day to 30-day period, maximum 20 percent, **minimum \$10 regardless of the amount of tax due or whether there is any tax due.**

**Failure to Pay Timely**—2 percent for each 1-day to 30-day period, maximum 20 percent, minimum \$10.

Both penalties apply if the return is filed late and payment is late. Additional penalties for negligence, failure to file the report or return, fraud, etc., may be assessed in accordance with KRS 131.180 (Uniform Civil Penalty Act). Enter total penalty amount computed on line 15.

**Line 16, Interest**—Any tax not paid on or before the due date of the return (see return due date printed at the top of the return) shall bear interest from the date due until the date of payment. The current daily interest rate is listed on line 16 of the original return. Compute the interest as follows: (number of days late) x (daily interest rate) x (net tax due, line 12). Enter the amount computed on line 16.

**Line 17, Total Amount Due**—Add amounts on lines 14, 15 and 16, and enter on line 17. You must pay the amount shown due on line 17. Make a check payable to Kentucky State Treasurer and enclose it with the return. On the face of the check, write "Provider Tax" and your Health Care Provider Account Number. Do not staple the check to the return.

**Signature**—Each return must be signed and dated by the president, or other principal officer, partner or proprietor. Also, the return must be signed by the preparer if different.

**Return and Payment Due Date**—The return, with payment included, must be postmarked no later than the 20<sup>th</sup> day of the next succeeding calendar month following the close of the taxable period.

**Officer Liability**—The president, vice-president, secretary, treasurer or any other person holding an equivalent corporate office of any corporation subject to the Kentucky health care provider tax shall be personally and individually liable, both jointly and severally, for the taxes imposed by KRS Chapter 142. No person will be personally or individually liable if that person did not have authority in the management of the business or financial affairs of the corporation at the time the taxes become or became due. Taxes shall include interest accrued and all applicable penalties and fees.

Per KRS 142.341, providers must keep records for not less than six years.

- (1) Every provider shall keep records, receipts, invoices, and other pertinent papers in the form as the department may require.
- (2) Every provider who files the returns required under KRS 142.323 shall keep records for not less than six (6) years from the making of records unless the department in writing authorizes their destruction at an earlier date.

For assistance or additional information, contact the Department of Revenue, Excise Tax Section, Station 62, Frankfort, Kentucky 40620, (502) 564-6823.