

Cap on Ambulatory Care Facility Assessment Increased

On Tuesday, June 29, 2010, New Jersey Governor Christie signed into law a \$29.4 billion budget, the State's smallest in five years. The budget includes an increase to the cap on the gross receipts assessment paid by ambulatory care facilities. The assessment applies to all licensed ambulatory care facilities other than hospital-based facilities. The applicable rate of the assessment equals 2.9464494% of a facility's gross receipts. Previously the total assessment was capped at \$200,000. The new budget raises the maximum permissible tax assessment to \$350,000, but does not change the assessment rate. The original budget proposed by the Governor would have eliminated the cap entirely. The change is effective July 1, 2010.

Existing law requires all ambulatory care facilities to submit an annual report to the Department of Health and Senior Services ("DHSS") documenting the facility's gross receipts. The report must include the total volume of patient visits by payer type, charges by payer type, and gross receipts by payer type (Medicare, Medicaid, commercial payers, other governmental payers and self-pay). DHSS can audit selected annual reports for accuracy, and, if, upon audit it is determined that an ambulatory care facility understated its gross receipts, the facility will be required to pay the additional assessment due. Additionally, a facility that fails to provide DHSS with the required information could be liable for a civil penalty not to exceed \$500 for each day in which the facility is not compliant.

DHSS will not renew an ambulatory care facility's license or approve a change of ownership if the facility's assessments are in arrears, unless and until the arrears are satisfied.

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If you have any questions, please contact the GWT attorney with whom you regularly consult.

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