

MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN
2006 (SECOND) Regular Session

Bill No. 319 (LS)

Introduced by:

Edward J.B. Calvo *EJC*

AN ACT TO AUTHORIZE AN OFFSET AGAINST
GROSS RECEIPT TAXES FOR PHYSICIANS,
PHARMACIES, HEALTH CARE SERVICE
PROVIDERS AND SUPPLIERS WHO RENDER
SERVICES TO RECIPIENTS OF THE MEDICALLY
INDIGENT PROGRAM TO BE REFERRED TO AS
THE "HEALTH CARE SERVICE PROVIDER
INCENTIVE ACT OF 2006."

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 **Section 1. Legislative Finding.** *I Liheslaturan Guåhan* believes there is
3 a moral and social obligation to increase access to quality health care for those
4 persons who lack sufficient financial resources to meet the costs of medical
5 care. *I Liheslaturan Guåhan* further finds that the Department of Public Health
6 and Social Services administration of the Medically Indigent Program
7 coupled with the inefficiencies of the Department of Administration to
8 process vendor payments in a timely manner, has been unsatisfactory over
9 the years. Payments to vendors have averaged a period of six months to a
10 year thereby affecting their ability to provide critical services to our island's
11 people most in need. Furthermore, despite increasing amounts of

1 appropriations to fund these programs, vendors continue to experience non-
2 payment of claims filed. It is the intent of *I Liheslaturan Guåhan* to give health
3 care service providers the assurance that debts owed to them will be paid by
4 this government or receive offsets against total Gross Receipt Taxes for any
5 given month for services and products rendered. It is also the intent of *I*
6 *Liheslaturan Guåhan* as a result of these assurances to instill continued
7 confidence for health care providers to render services to families and
8 individuals who are economically challenged and to relieve the strain of
9 providing services throughout the island's community health centers and at
10 the Guam Memorial Hospital.

11 **Section 2.** This Act shall be known as the "Health Care Service
12 Provider Act of 2006".

13 **Section 3. Offset Against Gross Receipt Taxes.** (a) Any health care
14 service provider that render services and products to recipients of the
15 Medically Indigent Program shall be entitled to an offset against the total of
16 Gross Receipt Taxes owed for any given month. The basis for services,
17 equipment and prescriptions shall follow the Medically Indigent Program
18 rates for the actual amount of any and all claims that is filed and approved by
19 the government.

20 (b) Non-payment of these claims owed for public health and medical
21 services or supplies which remains unpaid by the government for a period of

1 over ninety days (90) from the due date as invoiced shall qualify health care
2 service providers with the Gross Receipt Tax incentives provided in this Act.

3 (c) Any unused offset against total Gross Receipt Taxes owed for any
4 given month not used in the current tax period may be carried over into
5 subsequent tax periods until such offset is exhausted.

6 (d) The total offset against total Gross Receipt Taxes owed for any
7 given month allowed that is embodied under this Act should not exceed the
8 actual dollar amount of that expenditure on the service, equipment, supplies
9 and prescription by a health care service provider.

10 (e) The government shall not be obligated to make payments to
11 vendors for services in which an offset against total Gross Receipt Taxes owed
12 for any given month has been utilized.

13 (f) Any health care service provider that render services and products
14 entitled to an offset against Gross Receipt Taxes owed must “participate” and
15 provide services to recipients of the Medically Indigent Program in order to
16 qualify for any offsets against the total Gross Receipt Taxes owed for any
17 given month after the enactment of this Act. The term “participate” in this
18 Subsection is defined by meeting a ten percent (10%) quota of the cumulative
19 number of patients or clients serviced on a given month who are recipients of
20 the Medically Indigent Program.

21 (g) *“Health Care Service Provider”* for the purpose of this Act shall
22 mean any business providing medical equipment or supplies; pharmaceutical

1 health care services and products; medical health care services; dental health
2 care services; or behavioral health care services; and, allied health care
3 services comprising a clinic, hospital, specialized health care facility, licensed
4 practitioner, hospital, health care provider or business that is licensed under
5 the laws of Guam and recognized by the Medically Indigent Program in
6 providing medical and health care assistance, products or services to
7 recipients of the Medically Indigent Program.

8 **Section 4. Reimbursements.** The Department of Revenue and Taxation
9 shall be reimbursed for all amounts taken as a result of Gross Receipt Tax
10 offsets. The Department of Revenue and Taxation shall assess the
11 government agency responsible for the unpaid claim for the amount of the tax
12 offset taken by the vendor.

13 **Section 5. Coordination.** In order to avoid double compensation to
14 vendors, the Director of Revenue and Taxation shall immediately notify the
15 Department of Administration and the respective department or agency of a
16 health care service provider filing for an offset to Gross Receipt Taxes owed
17 through the non-payment of a Medical Indigent Program approved claims.

18 **Section 6. Administrative Rules and Regulations.** The Director of the
19 Department of Revenue and Taxation shall, pursuant to the Administrative
20 Adjudication Law, formulate rules and regulations to implement the
21 provisions of this Act within ninety days (90) upon enactment of this Act.