



Dipattamenton Kontribusion yan Adu'ana

DEPARTMENT OF

REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guahan

FELIX P. CAMACHO, Governor Maga'lahi
MICHAEL W. Cruz, Lt. Governor Tiñente Gubetnadot

ARTEMIO B. ILAGAN, Director
Direktot

PAUL J. PABLO,
Acting, Deputy Director
Segundo Direktot

March 10, 2010

The Honorable Tina R. Muna-Barnes
Legislative Secretary
30th Guam Legislature
Suite 101
158 Hesler St.
Hagatña, GU 96910

RE: "The Health Care Service Provider Incentive Act"

Handwritten signature and date: 3/14/10

2010 APR 19 AM 9:40

Dear Senator Muna-Barnes:

Pursuant to §9303 Chapter 9 Administrative Adjudication Law 5 GCA transmitted herewith are the proposed rules and regulations and economic impact statement for "The Health Care Service Provider Incentive Act" which was signed into law under PL 28-150.

A public hearing has been scheduled for March 24, 2010 and a copy of the entire record of the hearing on the proposed rules and regulations will be filed with the Legislative Secretary of the Guam Legislature accordingly.

Sincerely,

Artemio B. Ilagan
Artemio B. Ilagan
Director

Enclosures

30-10-0341
Office of the Legislative Secretary
Senator Tina Rose Muna Barnes
Date 3/18/10
Time _____
Received by [Signature]

1911

Public Law 28-150
“The Health Care Service Provider Incentive Act of 2006”

RULES AND REGULATIONS

Public law 28-150, §29, passed on September 30, 2006, authorizes an offset against gross receipts taxes for Physicians, Pharmacies, Health Care Service Providers and Suppliers who render services to recipients of the Medically Indigent Program.

Definitions

In these rules, the following terms shall have the following meanings:

“Clean claims” - shall mean MIP invoices processed and approved by the Department of Public Health & Social Services (DPHSS).

“Participate” – shall mean meeting a ten percent (10%) quota of the cumulative number of patients or clients serviced in a given month who are recipients of the Medically Indigent Program.

“Health Care Service Provider” – shall mean any business providing medical equipment or supplies; pharmaceutical health care services and products; medical health care services; dental health care services; behavioral health care services; and allied health care services, including a clinic, hospital, specialized health care facility, licensed practitioner, hospital, health care provider or business that is licensed under the laws of Guam and recognized by the Medically Indigent Program in providing medical and health care assistance, products or services to recipients of the Medically Indigent Program.

Offset Against Gross Receipts Taxes for Past Due MIP Billings

- (1) A health care service provider that renders services and products to recipients of the Medically Indigent Program shall be entitled to an offset equal to the value of services provided against the Gross Receipts Taxes the provider owes for any given month. The value for services, equipments and prescriptions shall be the Medically Indigent Program rates for the actual amount of any and all clean claims that are filed and approved by the government.

- (2) Non-payment of clean claims owed for health care, medical services or supplies which remain unpaid by the government for a period of over ninety (90) days from the due date as invoiced shall qualify health care service providers with the Gross receipts Tax incentives provided herein.
- (3) Any unused offset against total Gross Receipts Taxes owed for any given month not used in the current tax period may be carried over into subsequent tax periods until such offset is exhausted.
- (4) The total offset against total Gross Receipts Taxes owed for any given month pursuant to the Act shall *not* exceed the actual dollar amount of that expenditure on the service, equipment, supplies and prescription by a health care service provider.
- (5) The government shall *not* be obligated to make payments to vendors for services in which an offset against total Gross Receipts Taxes owed for any given month has been exercised.
- (6) Any health care service provider that renders services and products entitled to an offset against Gross Receipts Taxes owed must “participate” and provide services to recipients of the Medically Indigent Program in order to qualify for any offsets against the total Gross Receipts Taxes owed for any given month.

PROCEDURES TO CLAIM OFFSET

- A) For the current month, you may claim the MIP offset on line 45 of Form GRT. On the backside of Form GRT under Basis for Tax Credits/Adjustments – note PL 28-150 or MIP Offset. If the type of credit/adjustment is not noted, the credit may be denied and the taxes with applicable interest and penalties will be assessed.
- B) For tax periods with outstanding liabilities, you may obtain an “MIP Offset Request Form” to file a claim to offset your outstanding Gross Receipts Tax liability.
- C) When a request for an MIP Offset is filed, the Form GRT or MIP Offset request will be processed as soon as possible and a notice will be sent to acknowledge the offset or deny the request, whichever is applicable.
- D) You may not amend any Form GRT already filed and paid to claim the offset. This is for existing or current gross receipts tax liabilities only.

Reimbursements

The Department of Revenue and Taxation shall be reimbursed for all reductions in GRT collections as a result of Gross Receipts Tax offsets. The Department of Revenue and Taxation shall assess the DPHSS or other government agency responsible for the amount of the tax offset taken by the vendor.



NAME OF LICENSEE		MONTH / YEAR ENDING	FOR OFFICIAL USE
EIN/SSN GRT ACCOUNT NUMBER		<input type="checkbox"/> ORIGINAL RETURN <input type="checkbox"/> AMENDED RETURN	
ADDRESS		TELEPHONE NO.	

BUSINESS ACTIVITY OR KIND OF TAX	(A) GROSS RECEIPT VALUE	(B) EXEMPTION OR DEDUCTION	(C) TAXABLE AMOUNT
PART 1: GROSS RECEIPTS TAX @ 4% (0.04)			
(Attach Schedule GRT-E)			
1. WHOLESALING			
2. RETAILING			
3. SERVICE			
4. RENTAL REAL PROP.			
5. RENTAL OTHERS			
6. PROFESSION			
7. COMMISSION			
8. INSURANCE PREMIUM			
9. CONTRACTING (LOCAL)			
10. CONTRACTING (US)			
11. INTEREST			
12. AMUSEMENT			
13. OTHERS			

14. SUM OF GRT TAXABLE AMOUNT – Enter the result here and on line 1 of Tax Due Worksheet on reverse. ➔

PART 2: USE TAX @ 4% (0.04)			
15. IMPORTATION			
16. LOCAL PURCHASES			
17. INVENTORY USED			

18. SUM OF USE TAX TAXABLE AMOUNT – Enter the result here and on line 2 of Tax Due Worksheet on reverse. ➔

PART 3: OCCUPANCY TAX			
19. HOTEL/MOTEL			
20. OTHERS			

Under the penalties of perjury, I declare that I have examined this return, including accompanying schedule and statements, and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

SIGNATURE (TAXPAYER OR AUTHORIZED AGENT)	PRINT NAME	DATE
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NAME OF LICENSEE

MONTH / YEAR ENDING

EIN/SSN

GRT ACCOUNT NUMBER

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PART 4: TOTALS

42. **TAX DUE:** Enter total from Tax Due Worksheet below.
 If you did not have any activity for the period enter "0" here. ➔ 42.

43. **PENALTY:** 43.

44. **INTEREST:** 44.

45. **CREDIT OR ADJUSTMENT:** 45.

46. **BALANCE TAX DUE:** 46.

TAX DUE WORKSHEET					
	TAXABLE AMOUNT	X	TAX RATE	=	TOTAL TAX
1. Enter the amount from Part 1, line 14	\$ _____	X	0.04	=	\$ _____
2. Enter the amount from Part 2, line 18	\$ _____	X	0.04	=	\$ _____
3. Enter the amount from Part 3, line 19	\$ _____	X	0.11	=	\$ _____
4. Enter the amount from Part 3, line 20	\$ _____	X	0.10	=	\$ _____
TOTAL – Add lines 1 - 4. Enter the result here and on line 42 above.					➔ \$ _____

FOR OFFICIAL USE



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MIP OFFSET REQUEST

NAME:	EMPLOYER IDENTIFICATION NUMBER or SOCIAL SECURITY NUMBER:
ADDRESS	GRT ACCOUNT #
	VENDOR#

Please indicate the tax period and the amount of your qualified MIP costs to be used to offset your Gross Receipts Tax due. The amounts indicated below will be verified with the Accounts Payable Division of the Department of Administration.

TAX PERIOD (MONTH & YEAR)	AMOUNT TO BE USED FOR OFFSET

Signature of Taxpayer or Authorized Representative

Date

PRINT NAME: _____

Contact Number: _____

Name
Address
Address

GRT #
Vendor #
EIN #

The processing of your MIP Offset request dated _____ has been completed. Below is a list of the amount(s) approved for the tax period(s) requested.

Tax Period	Amount of Offset Approved
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If there is a difference between the approved offset and the taxes due, you are still liable for the tax plus interest and penalties if applicable. If you should have any questions you may contact our office at 635-7699.

Sincerely,

ARTEMIO B. ILAGAN, Director

BY: _____
(Name of person processing)

Name
Address
Address

GRT #
Vendor #
EIN #

The MIP offset request you filed on _____ has been denied. We have no records of you or your company filing a claim for payment with the Department of Public Health.

Any gross receipt taxes claimed using the offset must be paid in full. Interest and penalties will apply as required by law. If you should have any questions, you may contact us at 635-7699 extensions 753 or 754.

Sincerely,

ARTEMIO B. ILAGAN, Director

BY:

Name of person processing



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“The Health Care Service Provider Incentive Act”

Economic Impact Statement (EIS)

The Department of Revenue and Taxation (DRT), in coordination with the Department of Administration (DOA) and the Department of Public Health & Social Services (DPHSS), and in conformance with Chapter 9 Administrative Adjudication Law 5 GCA provides the following Economic Impact Statement relative to the *“The Health Care Service Provider Incentive Act.”*

Purpose and Need

The purpose and need for rules and regulations is to implement and administer Section 29 of Public Law 28-150 relative to providing a means to offset past due Medically Indigent Program (MIP) billings against Gross Receipts Taxes. The Government of Guam continues to experience severe cash shortfalls and is unable to make timely payments to MIP service providers. In an effort to continue MIP services for the medically indigent, PL 28-150 seeks to offer some remedy to MIP service providers by allowing offsets against GRT.

Financial Impact

DPHSS provides DOA with MIP billings and certifies “qualified providers” under the MIP offset program. DOA accounts for the invoices and tracks payments made to MIP vendors. This data is then provided to DRT. Currently the total amount for providers who qualify for the MIP offset program is three million eight hundred sixty-six thousand forty five dollars and forty four cents (**\$3,866,045.44**) [refer to attachment]. This amount will change based on GovGuam’s finances and ability to pay MIP service providers in a timely manner. Notwithstanding however, there is also included in PL 29-180 under Section 29 (b) a provision for reimbursement for all reductions in GRT collections as a result of GRT offsets under this program. Based on this section the financial impact on the Government of Guam will be minimized.

Beneficial Impact

While the financial impact will be minimized as stated above, the beneficial impact would allow the Government of Guam to continue to provide much needed health care services to the medically indigent under the Health Care Service Provider Incentive Act. This would result in the continued availability of goods and services by qualified MIP service providers on Guam directly or indirectly attributable to the proposed rules and regulations.

There will be no direct or indirect impact upon employment on Guam or any increase or decrease in the availability of a particular job or jobs, nor will there be any increase or decrease in the cost of doing business on Guam which is attributable to the proposed rules and regulations.

**Summary of MIP Claims by Provider
FY2009**

	<u>Total Billed to DPHSS</u>
All Providers	19,111,643.13
GMHA	10,343,503.68
Off-Island Providers	4,902,094.01
Qualified Providers for MIP Offset	3,866,045.44

Note: Data derives from MIP claims sent from October 1, 2008 to September 30, 2009

MIP Funding per Budget Law

<u>Fiscal year</u>	<u>Appropriation</u>	<u>Expenditures</u>
2006	15,694,275.00	15,693,736.71
2007	15,087,111.00	15,087,109.35
2008	15,857,533.00	15,757,432.40
2009	10,482,599.94	10,482,599.46
2010	15,622,907.43	6,509,528.92

Note: as of 02/26/2010

Source: Department of Administration, Division of Accounts



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PUBLIC NOTICE

“The Health Care Service Provider Incentive Act”

The Department of Revenue and Taxation (DRT), in conjunction with the Department of Administration (DOA) and the Department of Public Health & Social Services (DPHSS) has scheduled a public hearing for Wednesday, March 24, 2010 at 5:00 p.m. in the Director's Conference room, 2nd floor, DRT to discuss the proposed rules and regulations for the *Health Care Service Provider Incentive Act* which was signed into law under Public Law 28-150.

Copies of the proposed rules and regulations are available at the Department of Revenue and Taxation for examination. Any interested party or person or his authorized representative shall be afforded an adequate opportunity to participate in the formulation of the proposed rules and regulations during the public hearing. In conformance with Chapter 9 Administrative Adjudication Law 5 GCA, copies of the Economic Impact Statement (EIS) shall also be made available for inspection prior to and during the public hearing scheduled above.

For more information please contact Ms. Veronica Quan, Administrator, Technical Research & Appeals Bureau at 635-1814.

/s/ ARTEMIO B. ILAGAN
Director