



## NOTICE TO HOSPITALS REGARDING HOSPITAL LICENSING FEE

This Notice is to inform you that as a result of legislation enacted during the 2023 session of the Rhode Island General Assembly<sup>1</sup> and signed into law by Rhode Island Governor Daniel J. McKee, Rhode Island's hospital licensing fee under Rhode Island General Laws § 23-17-38.1 is as follows:

STATE FISCAL YEAR 2023: The hospital licensing fee for the State's Fiscal Year 2023 is equal to 5.42% of the net patient services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2021, except that the license fee for all hospitals located in Washington County, Rhode Island, shall be discounted by 37%. Every hospital shall pay the licensing fee to the Division of Taxation on or before June 30, 2023.

STATE FISCAL YEAR 2024: The hospital licensing fee for the State's Fiscal Year 2024 will have three (3) tiers with differing fees based on inpatient and outpatient net patient-services revenue. The Executive Office of Health and Human Services, in consultation with the Tax Administrator, shall identify the hospitals in each tier, subject to the definitions in statute, by July 15, 2023, and shall notify each hospital of its tier by August 1, 2023.

**Tier 1:** Tier 1 is composed of hospitals that do not meet the description of either Tier 2 or Tier 3.

- The inpatient hospital licensing fee for Tier 1 is equal to 13.12% of the inpatient net patient-services revenue derived from inpatient net patient-services revenue of every Tier 1 hospital.
- The outpatient hospital licensing fee for Tier 1 is equal to 13.30% of the net patient-services revenue derived from outpatient net patient-services revenue of every Tier 1 hospital.

**Tier 2:** Tier 2 is composed of High Medicaid/Uninsured Cost Hospitals and Independent Hospitals.

- The inpatient hospital licensing fee for Tier 2 is equal to 2.63% of the inpatient net patient-services revenue derived from inpatient net patient-services revenue of every Tier 2 hospital.

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<sup>1</sup> Enacted in Citation: [House Bill 5200, Substitute A, as amended](#), Article 9, Section 1; affects: [Rhode Island General Laws Section 23-17-38.1](#).

- The outpatient hospital licensing fee for Tier 2 is equal to 2.66% of the outpatient net patient-services revenue derived from outpatient net patient-services revenue of every Tier 2 hospital.

**Tier 3:** Tier 3 is composed of hospitals that are Medicare-designated Low Volume hospitals and rehabilitative hospitals.

- The inpatient hospital licensing fee for Tier 3 is equal to 1.31% of the inpatient net patient-services revenue derived from inpatient net patient-services revenue of every Tier 3 hospital.
- The outpatient hospital licensing fee for Tier 3 is equal to 1.33% of the outpatient net patient-services revenue derived from outpatient net patient-services revenue of every Tier 3 hospital.

**State-government owned and operated hospitals:** There is also a hospital licensing fee for Fiscal Year 2024 related to state-government owned and operated hospitals in Rhode Island. The hospital licensing fee for these entities is equal to 5.25% of the net patient-services revenue of every hospital for the hospital's first fiscal year ending on or after January 1, 2022.

Every hospital shall pay the licensing fee to the Tax Administrator before June 30 of each fiscal year, payments shall be made by electronic means, and every hospital shall file a return on or before August 1, 2023.

STATE FISCAL YEAR 2025: The hospital licensing fee for the State's Fiscal Year 2025 will be the same as the hospital licensing fee for the State's Fiscal Year 2024 unless there is a statutory change during the next legislative session.

#### Contact Information

For questions about this Notice, contact the Rhode Island Division of Taxation's Corporate Income Tax Section by telephone at (401) 574-8935 or (401) 574-8829 Option #6, by email: [Tax.Corporate@tax.ri.gov](mailto:Tax.Corporate@tax.ri.gov), or by mail: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908.

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