Vermont Legislative Joint Fiscal Office

FISCAL NOTE

Date: March 24, 2016
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Ambulance Provider Tax
Amendment to be offered by Rep. Olsen of Londonderry to H. 873
House Calendar March 24, 2016 page 1093

It is estimated that the rate of 3.3% is expected to result in $1.07m of revenue.

The increase in the 3 major Medicaid payment areas of mileage, advanced life support (ALS) and basic life support (BLS) of roughly 100% (from approx. 40% to 80% of the Medicare levels) will draw down an additional $1.2m in federal funds. For a total increase in payments of $2.26m of this total $2.03m is estimated to go to Vermont service providers.

A small number of providers with no or very low Medicaid percentage of patient revenue are likely to be negatively impacted, meaning they will pay more in taxes than they receive in increased payments. A small number are expected to be essentially financially neutral, but most service providers are expected to benefit financially in that the increased Medicaid reimbursement will be higher than the amount paid in the provider tax.

Medicaid provider rates are anticipated to be increased July 1, 2016. In order for the program to be fiscally neutral to the state budget in FY17, the tax revenue will need to be collected before the close of the fiscal year. The payment date of June 30 is unlikely to support the full collection of revenue prior to the close of the fiscal year and should be moved earlier. While the revised date of March 30 is an improvement, JFO still recommends at date in Jan/Feb to allow for reconciliations and collections to be completed by the close of the fiscal year.

It is recommended that the same base year (Calendar Year or State Fiscal Year) for the application of the tax is established for all providers.

DVHA has requested funding for two additional staff to administer this tax. No additional resources for administration are included in this amendment.