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December 12, 2019

Dear Healthcare Facility,

Re: Extension of Healthcare Quality Surcharge Payment Due Date

The Healthcare Quality Surcharge (HCQS) Act, being Sections 7-41-1 through 7-41-8 NMSA 1978, took effect on July 1, 2019. We understand that your nursing facility or ICF-IID facility is subject to the Act.

The Human Services Department (HSD) of New Mexico received notification from the federal Centers for Medicare and Medicaid Services (CMS) on November 19, 2019 approving a waiver that allows for implementation of the Act. By statute, the Taxation and Revenue Department (TRD) is responsible for collecting and distributing HCQS revenue.

Pursuant to Section 7-41-6(E), your facility's initial HCQS payment for the quarter ended September 30, 2019 would be due on on December 16, 2019, which is 25 days following the CMS approval received on November 19, 2019.

However, there are several reasons that make this due date untenable. First, the amount of the initial HCQS payment for the quarter ended September 30, 2019 cannot be determined until HSD has collected and verified your facility's non-Medicare bed days for the quarter and transmitted that data and the HSQS amount due to TRD. Second, HSD requires a legislative appropriation to make the initial quarterly supplemental payments to health care facilities participating in the program; this appropriation will be sought in the 2020 regular legislative session. Finally, TRD is currently in the process of developing the system capabilities to collect and distribute HCQS revenue; the system is expected to be ready by April 1, 2020.

With these reasons in mind and pursuant to Section 7-1-13(E) NMSA 1978, I hereby grant an extension until April 25, 2020 to file a quarterly return and remit the initial HCQS payment to TRD for the quarter ended September 30, 2019. The reporting and payment must be made through the TRD Taxpayer Access Point (TAP) portal, which will be available beginning April 1, 2020.

Please be aware that pursuant to Section 7-1-13(E) NMSA 1978, interest shall accrue on the HCQS liability for the quarter ended September 30, 2019 from the original due date of December 16, 2019 through the extended due date of April 25, 2020. However, HSD has decided that it can and will reimburse your facility for the interest accrued through April 25, 2019 on the quarter ended September 30, 2019 liability. HSD will furnish instructions on the interest reimbursement process prior to April 1, 2020. Required filing and payment for the quarter ending December 31, 2019 will also be due on April 25, 2020 as prescribed by Section 7-41-4(F) NMSA 1978. Please do not send any payment to TRD until the month of April 2020.

In the coming weeks, TRD will be reaching out to confirm information required to properly register your facility in advance for submission of the HCQS payment. TRD will also offer a webinar with a demonstration of the reporting, filing, and payment process including the use of TAP and payment options. The webinar

will occur during the month of March 2020. TRD will communicate the date for the webinar by January 17, 2020. We look forward to your participation.

Should you have any questions regarding the HCQS payment or associated processes, please contact:

New Mexico Taxation and Revenue Department
Special Tax Unit
Phone (505) 827-0764
Email Other.Taxes@state.nm.us
PO Box 25123
Santa Fe, NM 87504

For questions regarding HCQS bed days, revenue data reporting requirements, disbursement of supplemental payments to health care facilities, or the reimbursement of accrued interest associated with the initial HCQS payment, please contact the Human Services Department.

Sincerely,



Stephanie Schardin Clarke
Secretary of Taxation and Revenue