

# Health Care Quality Surcharge

## Frequently Asked Questions

### General Questions

- 1) **Who is required to file and pay the Health Care Quality Surcharge (HCQS)? What qualifies a facility for HCQS?**
  - a) “The surcharge is imposed on each facility that meets the definition of a skilled nursing facility, intermediate care facility, or intermediate care facility for individuals with intellectual disabilities.” [Bulletin B-500.40](#)
- 2) **What defines skilled nursing facility (SNF), intermediate care facility (ICF), intermediate care facility for individuals with intellectual disabilities (ICF-IID)?**
  - a) “A skilled nursing facility is a facility with greater than sixty beds and is licensed by the Department of Health to provide skilled nursing services. An intermediate care facility is a facility with greater than sixty beds and is licensed by the Department of Health to provide intermediate nursing care. An intermediate care facility for individuals with intellectual disabilities is a facility licensed by the Department of Health to provide food, shelter, health or rehabilitative and active treatment for individuals with intellectual disabilities or persons with related conditions.” [Bulletin B-500.40](#)
- 3) **What exactly needs to be reported? What is a non-Medicare bed day?**
  - a) Report your non-Medicare bed days to the Human Services Department (HSD). “HSD will calculate the rate of the surcharge to be paid by each type of health care facility for the subsequent fiscal year. The rate of the surcharge is based on each non-Medicare bed day, which means a day for which the primary payer is not Medicare part A, Medicare Advantage, or a Medicare Special Needs Plan. A non-Medicare bed day excludes any day on which a resident is not in the facility or the facility is paid to hold the bed while the resident is on leave.” [Bulletin B-500.40](#)
- 4) **To whom does our HCQS qualified facility report our taxable bed data to?**
  - a) Report your non-Medicare bed days to HSD. HSD will assemble the data, calculate HCQS surcharge rate, and send the resulting data securely to the Taxation and Revenue Department (TRD). TRD administers the HCQS returns and payments.

### Return & Payment

- 1) **Why do I need to file a Health Care Quality Surcharge (HCQS) return?**
  - a) A HCQS return is required to be filed for each quarter your facility is liable for the surcharge. As per statute, “*Every taxpayer shall, on or before the date on which payment of any tax is due, complete and file a tax return in a form prescribed and according to the regulations issued by the secretary...*” 7-1-13(B) NMSA 1978.
- 2) **Why do we have to file on TAP?**
  - a) The Secretary of TRD has prescribed that the HCQS return be filed online through [New Mexico's Taxpayer Access Point](#) (TAP) website to facilitate easier filing and payment of HCQS.
- 3) **How do we gain access to our HCQS Account on TAP to file & pay for the HCQS Surcharge?**
  - a) A letter will be sent to your facility via email around March 30, 2020 explaining how to gain TAP administrator access to your HCQS account. If you do not receive the letter by April 1, 2020, please contact **TRD Registrations (866) 285-2996**.

#### **4) What is my Health Care Quality Surcharge (HCQS) return based on?**

- a) Your HCQS return's taxable non-Medicare bed days and surcharge rate are created from data supplied to TRD by Human Services Department of New Mexico (HSD). Skilled Nursing Facility, Intermediate Care Facility, and Intermediate Care Facility-Individual with Intellectual Disabilities facilities report their bed data to HSD, and TRD administers the taxpayer's filing & payment.

#### **5) When do we know it is time for my facility to file an HCQS return and make my surcharge payment?**

- a) HSD may send you notification when your quarterly data is transmitted to TRD. Once TRD has received your quarterly data from HSD, TRD will send an email notification to the TAP users associated with the HCQS account notifying them the data has been received for the period.

#### **6) How do we file and pay on TAP?**

- a) Each healthcare facility must have a separate HCQS account with TRD, with an administrator, accountant, or manager that has a TAP logon associated to file and pay on behalf of the facility.
  - i) The authorized TAP user logs onto TAP. You should see the facility's HCQS account listed on your TAP homepage.
  - ii) After clicking on the HCQS account link, the HCQS account "springboard" lists calendar quarterly filing periods with the September 30, 2019 link being the first filing period, December 31, 2019 link being the subsequent filing period and so forth.
  - iii) Clicking into a period link or clicking "File Return" listed on the same row as the period takes you to "Introduction" page where you can file your HCQS return for that period.
  - iv) When filing the return, read through the "Introduction" page then select "Next".
  - v) Verify the "Registration" page.
    - (1) If the registration information is correct, select "Next" to continue to the "Return" page.
    - (2) If the registration information is incorrect, you will need to update your registration by completing form [ACD-31015](#) and return it to the TRD address listed on the form. Select "Next" to continue to the "Return" page.
  - vi) The "Return" page will list taxable bed days, tax rate for each type of bed day, and the surcharge amount for the quarter. Estimated penalty & interest are stated if you have missed the filing due date. Due dates are the 25<sup>th</sup> of the month (or next business day if the 25<sup>th</sup> falls on a weekend or holiday) following the subsequent quarter of the filing period (see table in section 9 below).
  - vii) You must check the acknowledgment box to submit the return.
  - viii) The last page is the "Confirmation" screen. You can click on the buttons at the bottom of the screen to pay with e-check, print the return, or print the confirmation page.

#### **7) What are my payment options?**

- a) You have several options for payment of the surcharge. The most convenient option is payment by e-check (ACH debit) with one simple click from the TAP return confirmation page. You may pay at any time including scheduling your payment days or weeks ahead of the due date using the e-check function on TAP. TRD also accepts ACH credit and Fed-Wire payments; see [FYI 401](#) for details. Credit card and paper check payments are also accepted.

#### **8) Who do we notify if we disagree with the data posted on TAP for filing an HCQS return or have disputes about HCQS data on TAP?**

- a) The HCQS facility return data can't be altered on TAP. Your return data is gathered and transmitted by HSD to TRD. If you are presented with incorrect bed or rate data when attempting to file your original return, please contact HSD promptly. Report the corrected information to HSD for the quarter in question, then the new data will be transmitted by HSD to TRD, and a

notification will be sent by email to your facility. You can then return to TAP to submit your original return.

- b) If you had already submitted your original quarterly return and your bed data or rate for that quarter subsequently changes, an amended return will need to be filed. Submit corrected bed data to HSD and they will in turn transmit the new information to TRD. When TRD receives the updated data, you will receive an email from TRD acknowledging that updated data was received. An amended return can then be submitted through TAP. If the amended return results in an overpayment (your bed days or rate for the quarter had been reduced), a credit will be available for use in a later filing period, or a refund may be requested.

**Please note: you are always responsible for timely filing and payment of the surcharge. You may pay your surcharge even before you file a return.**

**9) When is the HCQS return and payment due? What if I file my HCQS return late?**

- a) The HCQS return and payment are due the 25<sup>th</sup> day of the following month after the subsequent quarterly period. Except for the initial quarter of July-September 2019, see Initial Return & Payment section below. All periods after the initial follow this example:

HCQS Filing Period	File & Payment due date
January-March	July 25 <sup>th</sup>
April-June	October 25 <sup>th</sup>
July-September	January 25 <sup>th</sup>
October-December	April 25 <sup>th</sup>

If the 25<sup>th</sup> falls on a weekend or holiday, the file and payment due date are due the next available business day as per 7-1-77 NMSA 1978. Mailed payments shall be considered timely if postmarked on the next succeeding day which is not Saturday, Sunday, or a national holiday as per 3.1.4.10 NMAC. Filing a return or making a payment after the due date will result in penalty and interest accruing on any unpaid balance from the day after the due date until a filed return and payment is made in full as per 7-1-69 NMSA 1978. For details see Penalty & Interest Rates at [tax.newmexico.gov](http://tax.newmexico.gov).

[Initial Return & Payment](#)

**1) When is the first HCQS surcharge quarter, July-September 2019, return & payment due?**

- a) The Center for Medicare & Medicaid Services signed the waiver authorizing the Health Care Quality Surcharge on November 19, 2019. Therefore, the initial HCQS surcharge return and payment **would have been** due the first business day following the 25<sup>th</sup> day after the waiver was approved; December 16, 2019.
- b) TRD Secretary Stephanie Schardin Clarke subsequently **extended** the first return and payment due date until April 25, 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, 2020 on the quarter ended September 30, 2019 liability.”* [Secretary’s letter regarding extensions of initial HCQS due date](#). April 25, 2020, falls on a weekend, therefore the actual due date is the next business day April 27, 2020. Filing a return or making a payment after the due date will result in penalty and interest accruing on any unpaid balance from the day after the due date until a filed return and payment is made in full as per 7-1-69 NMSA 1978. For details see Penalty & Interest Rates at [tax.newmexico.gov](http://tax.newmexico.gov).

**2) How will the interest for the initial HCQS surcharge payment be reimbursed by HSD?**

- a) For the initial quarter only (July 1, 2019 through September 30, 2019), HSD will reimburse the HCQS surcharge late payment interest from December 16, 2019 until payment is made but will not reimburse interest accrued after April 27, 2020. Facilities are encouraged to make payment of the surcharge amount (Total Tax Due on the Confirmation Page) only for the initial quarter. This will have the effect of reducing the facility's out of pocket payment and eliminating the need for a subsequent refund request after reimbursement is made to the facility's HCQ account.