

Take Action Philly: Medicaid



Photo by Thomas E. Rogers

Ann Marie Healy, executive director, First Hospital Foundation (at podium); with John Whitelaw, supervising attorney, Community Legal Services (left to right); Colleen McCauley, health policy director, Public Citizens for Children + Youth; Melissa Weiler Gerber, executive director, Access Matters; and Adrienne Gunter; on a panel at the Take Action Philly convening on Medicaid at the Central Branch of the Free Library of Philadelphia on June 13.

By Regina M. Parker

APPROXIMATELY 55 PERCENT OF PENNSYLVANIA'S traditional Medicaid enrollees are children, while 72 percent of traditional Medicaid funding supports seniors and persons with disabilities. For many years, Pennsylvania's traditional Medicaid program has been key to covering children, people with disabilities, seniors, long-term care and pregnant women.

The second Take Action Philly convening, held at the Central Branch of the Free Library of Philadelphia on June 13, focused on the threats facing Medicaid. Panels discussed proposals aimed at capping federal funding for the Medicaid program and ending Medicaid expansion. Speakers

represented several organizations, including Access Matters, City of Philadelphia Department of Public Health, Community Legal Services, First Hospital Foundation, the Hospital and Health System Association of Pennsylvania, Pennsylvania Health Law Project, Public Citizens for Children + Youth and Public Interest Law Center.

To help attendees better understand the imminent threat to the Medicaid program, the speakers highlighted the benefits offered by Medicaid and the impact on the lives of the approximately 2.2 million Pennsylvanians who Medicaid covers. Under the Affordable Care Act, Medicaid has been transformed and expanded to cover low-income adults, many of whom are work-

ing, and many with chronic illnesses. The Medicaid expansion ensures that children can access preventive care, including vaccinations and services for the treatment of autism or serious disabilities. It helps older adults and individuals with disabilities live independently in their homes and pays for quality nursing-home care. The expansion also provides services to those who need substance-abuse treatment. The speakers said that the expansion of Medicaid is the biggest success of the ACA because it has driven down the number of uninsured people throughout Pennsylvania and the U.S.

However, despite the benefits, traditional Medicaid and the Medicaid expansion face

continued on page 17

Bar Election Filing Deadline Oct. 13

THE PHILADELPHIA BAR ASSOCIATION has formed its Elections Committee, which is chaired by Immediate-Past Chancellor Gaetan J. Alfano and consists of Butler Buchanan III, Maria E. Bermudez, Andrew A. Chirls, Maureen M. Farrell, James A. Funt, Erin E. Lamb, Kevin V. Mincey, Amber M. Racine, Hon. Tina Maria Rago, Jacqueline G. Segal and Su Ming Yeh. Chancellor Deborah R. Gross, Chancellor-Elect Mary F. Platt and Vice Chancellor Rochelle M. Fedullo serve as ex-officio members. As

continued on page 9

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In This Issue

- 7 LRIS
- 8 Workers' Comp
- 15 Women in the Prof.
- 17 Phila. Realty Tax
- 21 Quick Bites

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Recent Changes to Know About Philly Real Estate Laws

By Wendi L. Kotzen

IN DECEMBER 2016, PHILADELPHIA City Council enacted several changes to the Philadelphia realty transfer tax rules as they apply to real estate companies effective July 1, 2017. These changes do not affect the Pennsylvania realty transfer tax rules, which remain unchanged. The Philadelphia changes include:

1. A real estate company will owe realty transfer tax on its real estate on a change of 75 percent or more of its ownership in a six-year period, instead of a 90 percent or more change in its ownership in a three-year period.
2. In an apparent nod to the press reporting that many commercial properties are under-assessed by the Philadelphia Office of Property Assessment, the realty transfer tax base in the case of an arms-length sale of interests in a real estate company will be presumed to be the consideration for those interests, instead of the computed value of the Philadelphia property.
3. Real estate leased under a long-term lease (more than 30 years) now is included in the definition of real estate to determine if a company is a real estate company.

In addition to these changes affecting real estate companies, Philadelphia City Council also changed the rules applicable to the Philadelphia realty transfer tax base when Philadelphia real estate is sold or exchanged and the consideration includes property with a readily ascertain-

able value. Currently, the Philadelphia realty transfer tax base is computed value when the consideration for a sale is property other than cash or debt assumption, for example an interest in an entity. This rule has been changed so that the realty transfer tax base cannot be less than the sum of any cash, debt assumed, or taken subject to, and the value of property with a readily market ascertainable. This change also is effective July 1, 2017.

These changes are ambiguous, raise many questions and the city seems to be unsure of many of the answers. In many instances, the city is urging taxpayers to obtain prior rulings from the Law Department, which is a very inefficient and perhaps unconstitutional way of enforcing a tax law.

Some of the questions, answers and uncertainties are:

1. **Transition Rules:** The city's position is that there are no transition rules. This means that to determine whether a real estate company experiences a 75 percent or more change in ownership, any change in ownership on or after July 1, 2017 is aggregated with all changes in ownership that occurred in the prior six years. Thus, if 89 percent of a real estate company was transferred in 2013 and the other 11 percent is transferred on or after July 1, 2017, the transaction is taxable.
2. **Is July 1 a Taxable Event:** The city has confirmed that July 1, 2017 is not a taxable event. As a result, the mere passage of time will not result in tax. There must be a transfer of interests in a real estate company on or after July 1, 2017 for tax to be imposed.

3. **Readily Ascertainable Market Value:** The city seems to believe that the term readily ascertainable market value has a far broader meaning than that normally understood. Typically, an asset has a readily ascertainable value if there is somewhere one can look to determine the value, such as a stock exchange. However, the city seems to think this term means if there is any manner of determining the value. If the city persists with this position, it likely will be inundated with ruling requests, it will interfere with transactions closing in due course, and the issue probably will be litigated.
4. **Rebuttable Presumption:** Upon a change of 75 percent or more of the ownership interests in a real estate company in a six-year period as the result of a bona fide sale, there is a rebuttable presumption that the transfer tax base is the actual consideration paid for the company. The taxpayer can rebut that presumption by alternative proof of the actual value of the included real estate. Thus, for example, if a real estate company owns a hotel and its associated personalty, the taxpayer could demonstrate that part of the consideration paid for the company related to the personalty, not the real estate. The city is not yet willing to provide examples of what might rebut the presumption.

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New Member Benefit: Holman Premier Partners

THE PHILADELPHIA BAR ASSOCIATION has joined Holman Automotive's Premier Partners Program as a corporate partner. Members of the Association are now eligible for competitive, no-haggle pricing on vehicles from a variety of brands.

Members must login to PhiladelphiaBar.org to access the link and register for this member benefit.

Once registered, you will receive an email confirming that you are enrolled and

you can then sign into the Premier Partners website. Holman Automotive has dealerships in New Jersey, Pennsylvania and Florida.

Getting started is easy. Program specialists have created a stress-free process to help you find your next vehicle. They will guide you through the process from start to finish, working directly with the dealerships to help you find the car, truck or SUV of your dreams!



Medicaid

continued from page 1

many threats at both the state and federal levels. As an expansion state, Pennsylvania currently receives extra federal funding to cover the people who need. The U.S. Senate is considering proposed legislation that would give states limited per-person allotments for each Medicaid enrollee, called "per capita caps," and funding increases would be capped at low rates. Under such circumstances, Pennsylvania would be forced to stop offering coverage to working families due to budget constraints. The caps would push an unbearable amount of cost for medical care to the states and would force states to make agonizing decisions regarding what services to reduce or eliminate.

Adrienne Gunter, 32, giving the consumer side of Medicaid in the first panel, talked about how she would be impacted by these cuts. Diagnosed with multiple sclerosis in 2013, Gunter was a senior at The University of the Arts studying to be a film and television writer when she learned she had the autoimmune disease. When she developed symptoms,

she said, she instantly became unemployed and unemployable. Over and over she had been denied medical coverage and other benefits until Gov. Tom Wolf signed on to the Medicaid expansion. Her treatment copay under Medicaid is \$3. Without Medicaid, her treatment to prevent further debilitating symptoms would have cost more than \$6,000 per month.

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#TakeActionPhilly

For more information on ways to become involved and engaged in response to federal and state policy decisions, visit the Take Action Philly page at PhiladelphiaBar.org.