

**Dave Hardy**  
Secretary of Revenue



**Matthew Irby**  
State Tax Commissioner

## STATE TAX DEPARTMENT

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### Special Instructions for Estimated Payment of Tax Due on Organizations Providing Managed Care

The West Virginia State Tax Department previously provided guidance on the filing and payment of the tax on the provision of Managed Care. This guidance is issued to provide instruction on calculating the tax for monthly estimated payments.

In determining the tax that should be paid on an estimated return, a taxpayer must pro-rate the tax liability. This is performed through the following calculation:

- 1) First, calculate the total number of Medicaid member months for the taxable period;
- 2) Multiply the Medicaid member months by 12 (the number of months in a regular period);
- 3) Apply the appropriate tax rates to calculate the “tentative tax”:
  - a. \$36.26 for each member month under 250,000
  - b. \$20.72 for each member month between 250,000 and 500,000
  - c. \$1.036 for each member month over 500,000
- 4) Multiply the “tentative tax” by a ratio, the numerator of which is the number of months in the period (one month), the denominator is the number of months in a regular period.
- 5) The result is the tax on Medicaid member months
- 6) Next, apply the same calculation in (1) through (5) above for non-Medicaid member months, using the following rates:
  - a. \$0.259 for each non-Medicaid member month under 150,000
  - b. \$0.1036 for each non-Medicaid member month 150,000 and over.
- 7) The result is the tax on non-Medicaid member months.
- 8) Add the tax on Medicaid member months and the tax for non-Medicaid member months together.
- 9) The resulting calculation is the Estimated Tax Due for one month.

This calculation is only necessary for estimated payments. For a regular period, taxpayers must calculate the tax due under the rates prescribed above without annualization.