

1 HB238  
2 165534-2  
3 By Representative Clouse  
4 RFD: Ways and Means General Fund  
5 First Read: 11-MAR-15

1 ENGROSSED

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4 A BILL  
5 TO BE ENTITLED  
6 AN ACT

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8 To amend Section 40-26B-21, Code of Alabama 1975,  
9 relating to the privilege assessment, the supplemental  
10 privilege assessment, and monthly surcharge on nursing  
11 facilities; to extend the current supplemental privilege  
12 assessment and monthly surcharge to August 31, 2017; and to  
13 specify that the Medicaid nursing facility program will  
14 continue to be administered by the Medicaid Agency for a  
15 certain period of time.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Section 40-26B-21, Code of Alabama 1975,  
18 is amended to read as follows:

19 "§40-26B-21.

20 "To provide further for the availability of indigent  
21 health care, the operation of the Medicaid program, and the  
22 maintenance and expansion of medical services:

23 "(a) There is levied and shall be collected a  
24 privilege assessment on the business activities of every  
25 nursing facility in the State of Alabama. The privilege  
26 assessment imposed is in addition to all other taxes and

1 assessments, and shall be at the annual rate of \$1,899.96 for  
2 each bed in the nursing facility.

3 "(b) For the period September 1, 2010, through  
4 August 31, ~~2015~~ 2017, there is levied and shall be collected a  
5 supplemental privilege assessment on the business activities  
6 of every nursing facility in the State of Alabama. The  
7 supplemental privilege assessment imposed is in addition to  
8 all other taxes and assessments, including without limitation,  
9 the privilege taxes provided for under this article, and from  
10 September 1, 2010, through August 31, 2011, shall be at the  
11 annual rate of \$1,063.08 for each bed in the nursing facility,  
12 and one thousand six hundred three dollars and eight cents  
13 (\$1,603.08) for the period of September 1, 2011, through  
14 August 31, ~~2015~~ 2017, except that beginning with the monthly  
15 payment for the supplemental privilege assessment due  
16 beginning May 20, 2012, and ending August 31, ~~2015~~ 2017, there  
17 shall be a monthly surcharge due with each monthly payment of  
18 the supplemental privilege assessment. The initial monthly  
19 surcharge shall be one hundred thirty-one dollars and  
20 twenty-five cents (\$131.25) per licensed bed. Beginning with  
21 the monthly payment of the supplemental privilege assessment  
22 due on September 20, 2012, the monthly surcharge shall be  
23 reduced to forty-three dollars and seventy-five cents (\$43.75)  
24 per month.

25 "(c) The total privilege assessment, supplemental  
26 privilege assessment, (privilege assessments) and surcharge  
27 paid by a nursing facility pursuant to this article shall be

1 considered an allowable cost, as that term is defined in the  
2 reimbursement methodology for nursing facilities contained in  
3 Title 560 of the Alabama Administrative Code, and, to the  
4 extent permitted under applicable federal law governing the  
5 Alabama Medicaid nursing home program, the total privilege  
6 assessments paid must be included in the computation of the  
7 Medicaid per diem rate determined under the reimbursement  
8 methodology for nursing facilities contained in Title 560 of  
9 the Alabama Administrative Code. The payment to nursing  
10 facilities of the determined allowable costs in respect to the  
11 supplemental privilege assessment described in subsection (b)  
12 shall be included in Medicaid per diem rates for services  
13 provided commencing as of January 1, 2011, and shall continue  
14 to be included in such Medicaid per diem rates for a period  
15 equal to the number of months during which the supplemental  
16 assessments shall have been in effect. For each Medicaid  
17 nursing facility, in determining the adjustment to the  
18 Medicaid per diem for the allowable costs associated with the  
19 supplemental assessment, the Alabama Medicaid Agency shall  
20 divide the total supplemental assessment due under subsection  
21 (b) by the total of all incurred resident days (regardless of  
22 payor class) reported by such nursing facility in its Medicaid  
23 cost report filed for the period then ended June 30, 2010. To  
24 accommodate the increase in the supplemental assessment and  
25 the surcharge described in subsection (b), Medicaid shall use  
26 the mechanism described herein to adjust each nursing  
27 facility's rate effective as of October 1, 2011, regarding the

1 privilege assessment, and May 1, 2012, regarding the  
2 surcharge. Notwithstanding the foregoing, in the event that  
3 such cost report shall be for a period less than one year, the  
4 resident days reported shall be annualized. In the event that  
5 any portion of the privilege assessment paid by a facility  
6 cannot be included in the computation of the Medicaid per diem  
7 rate because of the effect of any cost ceiling provision of  
8 the reimbursement methodology, the cost ceiling must be  
9 adjusted to ensure continued treatment of the total privilege  
10 assessments as an allowable cost.

11 "(d) The privilege assessment rate or the  
12 supplemental privilege assessment rate or the surcharge rate  
13 shall be reduced by the department upon the advice of the  
14 Alabama Medicaid Agency if, but only if, such reduction is  
15 required to ensure that the total revenues to the State of  
16 Alabama produced by this privilege assessment or, if the  
17 supplemental privilege assessment and surcharge are in effect,  
18 the aggregate of the supplemental privilege assessment and  
19 surcharge and the privilege assessment, during any state  
20 fiscal year are less than or equal to six percent of the total  
21 revenues received by the nursing facilities in the state  
22 subject to the assessment during that same fiscal year. In the  
23 event that the supplemental privilege assessment or surcharge  
24 are reduced as provided in the preceding sentence, then for  
25 each Medicaid nursing facility a corresponding reduction shall  
26 be made to the Medicaid per diem adjustment described in  
27 subsection (c) to ensure that only the amount of supplemental

1 privilege assessment or surcharge actually paid is used in  
2 computing that Medicaid nursing facility's allowable costs."

3 "(e) The Medicaid nursing facility program shall  
4 continue to be administered directly by the Alabama Medicaid  
5 Agency until at least October 1, 2017."

6 Section 2. This act shall become effective  
7 immediately following its passage and approval by the  
8 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Ways and Means  
General Fund..... . . . . 11-MAR-15

Read for the second time and placed  
on the calendar..... . . . . 18-MAR-15

Read for the third time and passed  
as amended..... . . . . 19-MAY-15

Yeas 100, Nays 0, Abstains 1

Jeff Woodard  
Clerk