

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

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8 SYNOPSIS: Under existing law, a privilege assessment
9 and supplemental privilege assessment are imposed
10 on each bed in a nursing facility and a monthly
11 surcharge is also imposed. The supplemental
12 privilege assessment and the monthly surcharge will
13 expire on August 31, 2015.

14 This bill would extend the current
15 supplemental privilege assessment and monthly
16 surcharge through August 31, 2017.

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18 A BILL
19 TO BE ENTITLED
20 AN ACT

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22 To amend Section 40-26B-21, Code of Alabama 1975,
23 relating to the privilege assessment, the supplemental
24 privilege assessment, and monthly surcharge on nursing
25 facilities; to extend the current supplemental privilege
26 assessment and monthly surcharge to August 31, 2017.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

3 "§40-26B-21.

4 "To provide further for the availability of indigent
5 health care, the operation of the Medicaid program, and the
6 maintenance and expansion of medical services:

7 "(a) There is levied and shall be collected a
8 privilege assessment on the business activities of every
9 nursing facility in the State of Alabama. The privilege
10 assessment imposed is in addition to all other taxes and
11 assessments, and shall be at the annual rate of \$1,899.96 for
12 each bed in the nursing facility.

13 "(b) For the period September 1, 2010, through
14 August 31, ~~2015~~ 2017, there is levied and shall be collected a
15 supplemental privilege assessment on the business activities
16 of every nursing facility in the State of Alabama. The
17 supplemental privilege assessment imposed is in addition to
18 all other taxes and assessments, including without limitation,
19 the privilege taxes provided for under this article, and from
20 September 1, 2010, through August 31, 2011, shall be at the
21 annual rate of \$1,063.08 for each bed in the nursing facility,
22 and one thousand six hundred three dollars and eight cents
23 (\$1,603.08) for the period of September 1, 2011, through
24 August 31, ~~2015~~ 2017, except that beginning with the monthly
25 payment for the supplemental privilege assessment due
26 beginning May 20, 2012, and ending August 31, ~~2015~~ 2017, there
27 shall be a monthly surcharge due with each monthly payment of

1 the supplemental privilege assessment. The initial monthly
2 surcharge shall be one hundred thirty-one dollars and
3 twenty-five cents (\$131.25) per licensed bed. Beginning with
4 the monthly payment of the supplemental privilege assessment
5 due on September 20, 2012, the monthly surcharge shall be
6 reduced to forty-three dollars and seventy-five cents (\$43.75)
7 per month.

8 "(c) The total privilege assessment, supplemental
9 privilege assessment, (privilege assessments) and surcharge
10 paid by a nursing facility pursuant to this article shall be
11 considered an allowable cost, as that term is defined in the
12 reimbursement methodology for nursing facilities contained in
13 Title 560 of the Alabama Administrative Code, and, to the
14 extent permitted under applicable federal law governing the
15 Alabama Medicaid nursing home program, the total privilege
16 assessments paid must be included in the computation of the
17 Medicaid per diem rate determined under the reimbursement
18 methodology for nursing facilities contained in Title 560 of
19 the Alabama Administrative Code. The payment to nursing
20 facilities of the determined allowable costs in respect to the
21 supplemental privilege assessment described in subsection (b)
22 shall be included in Medicaid per diem rates for services
23 provided commencing as of January 1, 2011, and shall continue
24 to be included in such Medicaid per diem rates for a period
25 equal to the number of months during which the supplemental
26 assessments shall have been in effect. For each Medicaid
27 nursing facility, in determining the adjustment to the

1 Medicaid per diem for the allowable costs associated with the
2 supplemental assessment, the Alabama Medicaid Agency shall
3 divide the total supplemental assessment due under subsection
4 (b) by the total of all incurred resident days (regardless of
5 payor class) reported by such nursing facility in its Medicaid
6 cost report filed for the period then ended June 30, 2010. To
7 accommodate the increase in the supplemental assessment and
8 the surcharge described in subsection (b), Medicaid shall use
9 the mechanism described herein to adjust each nursing
10 facility's rate effective as of October 1, 2011, regarding the
11 privilege assessment, and May 1, 2012, regarding the
12 surcharge. Notwithstanding the foregoing, in the event that
13 such cost report shall be for a period less than one year, the
14 resident days reported shall be annualized. In the event that
15 any portion of the privilege assessment paid by a facility
16 cannot be included in the computation of the Medicaid per diem
17 rate because of the effect of any cost ceiling provision of
18 the reimbursement methodology, the cost ceiling must be
19 adjusted to ensure continued treatment of the total privilege
20 assessments as an allowable cost.

21 "(d) The privilege assessment rate or the
22 supplemental privilege assessment rate or the surcharge rate
23 shall be reduced by the department upon the advice of the
24 Alabama Medicaid Agency if, but only if, such reduction is
25 required to ensure that the total revenues to the State of
26 Alabama produced by this privilege assessment or, if the
27 supplemental privilege assessment and surcharge are in effect,

1 the aggregate of the supplemental privilege assessment and
2 surcharge and the privilege assessment, during any state
3 fiscal year are less than or equal to six percent of the total
4 revenues received by the nursing facilities in the state
5 subject to the assessment during that same fiscal year. In the
6 event that the supplemental privilege assessment or surcharge
7 are reduced as provided in the preceding sentence, then for
8 each Medicaid nursing facility a corresponding reduction shall
9 be made to the Medicaid per diem adjustment described in
10 subsection (c) to ensure that only the amount of supplemental
11 privilege assessment or surcharge actually paid is used in
12 computing that Medicaid nursing facility's allowable costs."

13 Section 2. This act shall become effective
14 immediately following its passage and approval by the
15 Governor, or its otherwise becoming law.