

1 HB562  
2 151400-1  
3 By Representative Clouse  
4 RFD: Ways and Means General Fund  
5 First Read: 04-APR-13

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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, 2013.

14 This bill would extend the current  
15 supplemental privilege assessment and monthly  
16 surcharge through August 31, 2015.

17  
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, as  
23 last amended by Act 2012-536 of the 2012 Regular Session,  
24 relating to the privilege assessment, the supplemental  
25 privilege assessment, and monthly surcharge on nursing  
26 facilities; to extend the current supplemental privilege  
27 assessment and monthly surcharge to August 31, 2015.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Section 40-26B-21, Code of Alabama 1975,  
3 as last amended by Act 2012-536 of the 2012 Regular Session,  
4 is amended to read as follows:

5 "§40-26B-21.

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

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

15 "(b) For the period September 1, 2010, through  
16 August 31, ~~2013~~ 2015, there is levied and shall be collected a  
17 supplemental privilege assessment on the business activities  
18 of every nursing facility in the State of Alabama. The  
19 supplemental privilege assessment imposed is in addition to  
20 all other taxes and assessments, including without limitation,  
21 the privilege taxes provided for under this article, and from  
22 September 1, 2010, through August 31, 2011, shall be at the  
23 annual rate of \$1,063.08 for each bed in the nursing facility,  
24 and one thousand six hundred three dollars and eight cents  
25 (\$1,603.08) for the period of September 1, 2011, through  
26 August 31, ~~2013~~ 2015, except that beginning with the monthly  
27 payment for the supplemental privilege assessment due

1 beginning May 20, 2012, and ending August 31, ~~2013~~ 2015, there  
2 shall be a monthly surcharge due with each monthly payment of  
3 the supplemental privilege assessment. The initial monthly  
4 surcharge shall be one hundred thirty-one dollars and  
5 twenty-five cents (\$131.25) per licensed bed. Beginning with  
6 the monthly payment of the supplemental privilege assessment  
7 due on September 20, 2012, the monthly surcharge shall be  
8 reduced to forty-three dollars and seventy-five cents (\$43.75)  
9 per month.

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

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

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

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

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