

1 HB721
2 120479-4
3 By Representative Knight
4 RFD: Government Appropriations
5 First Read: 11-MAR-10

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2 ENROLLED, An Act,

3 To amend Section 40-26B-21, Code of Alabama 1975,
4 relating to the privilege tax on nursing facilities, to change
5 the privilege tax to an annual rate of \$1,899.96, to impose a
6 new supplemental tax of \$1,063.08 for the period September 1,
7 2010 through August 31, 2011, to reduce the percentage of
8 total nursing facility revenues used when considering a
9 reduction of the tax and to provide for the prepayment of the
10 supplemental privilege tax through an increase in the Medicaid
11 per diem rate beginning in January 2011.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. Section 40-26B-21, Code of Alabama 1975,
14 are amended to read as follows:

15 "§40-26B-21.

16 To provide further for the availability of indigent
17 health care, the operation of the Medicaid program, and the
18 maintenance and expansion of medical services:

19 (a) There is levied and shall be collected a
20 privilege tax on the business activities of every nursing
21 facility in the State of Alabama. The privilege tax imposed is
22 in addition to all other taxes, and shall be at the annual
23 rate of ~~-\$999.96~~ \$1,899.96 for each bed in the nursing
24 facility.

1 (b) For the period September 1, 2010 through August
2 31, 2011, tThere is levied and shall be collected a
3 supplemental privilege tax on the business activities of every
4 nursing facility in the State of Alabama. The supplemental
5 privilege tax imposed is in addition to all other taxes,
6 including without limitation, the privilege taxes provided for
7 under this article, and shall be at the annual rate of ~~900.00~~
8 \$1,063.08 for each bed in the nursing facility.

9 (c) The total privilege taxes paid by a nursing
10 facility pursuant to this article shall be considered an
11 "allowable costs," 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 taxes paid
16 must be included in the computation of the Medicaid per diem
17 rate determined under the reimbursement methodology for
18 nursing facilities contained in Title 560 of the Alabama
19 Administrative Code. The payment to nursing facilities of the
20 determined allowable costs in respect to the supplemental
21 privilege tax described in Section 40-26B-21(b) shall be
22 included in Medicaid per diem rates for services provided
23 commencing as of January 1, 2011, and shall continue to be
24 included in such Medicaid per diem rates for a period equal to
25 the number of months during which the supplemental privilege

1 tax shall have been in effect. For each Medicaid nursing
2 facility, in determining the adjustment to the Medicaid per
3 diem for the allowable costs associated with the supplemental
4 tax, the Alabama Medicaid Agency shall divide the total
5 supplemental tax due under Section 40-26B-21(b) by the total
6 of all incurred resident days (regardless of payor class)
7 reported by such nursing facility in its Medicaid cost report
8 filed for the period ending June 30, 2010. Notwithstanding
9 the forgoing, in the event that such cost report shall be for
10 a period less than one year, the resident days reported shall
11 be annualized. In the event that any portion of the privilege
12 taxes paid by a facility cannot be included in the computation
13 of the Medicaid per diem rate because of the effect of any
14 cost ceiling provision of the reimbursement methodology, the
15 cost ceiling must be adjusted to ensure continued treatment of
16 the total privilege tax as an allowable cost.

17 (d) The privilege tax rate or the supplemental
18 privilege tax rate shall be reduced by the department upon the
19 advice of the Alabama Medicaid Agency if, but only if, such
20 reduction is required to ensure that the total revenues to the
21 State of Alabama produced by this privilege tax or, if the
22 supplemental privilege tax is in effect, the aggregate of the
23 supplemental privilege tax and the privilege tax, during any
24 state fiscal year are less than or equal to ~~six percent~~ five
25 and one-half percent (5.5%) of the total revenues received by

1 the nursing facilities in the state subject to the tax during
2 that same fiscal year. In the event that the supplemental
3 privilege tax is reduced as provided in the preceding
4 sentence, then for each Medicaid nursing facility a
5 corresponding reduction shall be made to the Medicaid per diem
6 adjustment described in Section 40-26B-21(c) to ensure that
7 only the amount of supplemental privilege tax actually paid is
8 used in computing that Medicaid nursing facility's allowable
9 costs.

10 Section 2. This act shall become effective on
11 September 1, 2010, followings its passage and approval by the
12 Governor, or its otherwise becoming law.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 06-APR-10, as amended.

Greg Pappas
Clerk

Senate

13-APR-10

Passed