

1 HB177
2 197806-1
3 By Representative Clouse
4 RFD: Ways and Means General Fund
5 First Read: 19-MAR-19

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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, 2019.

14 This bill would extend the current
15 supplemental privilege assessment and monthly
16 surcharge through August 31, 2022.

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,
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, 2022.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Section 40-26B-21, Code of Alabama 975,
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, ~~2019~~ 2022, 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, ~~2019~~ 2022, except that beginning with the monthly
25 payment for the supplemental privilege assessment due
26 beginning May 20, 2012, and ending August 31, ~~2019~~ 2022, 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 "For the period October 1, 2015, through August 31,
9 ~~2019~~ 2022, there shall be collected a secondary supplemental
10 privilege assessment on the business activities of every
11 nursing facility in the State of Alabama. The secondary
12 supplemental privilege assessment imposed in this paragraph is
13 contingent upon the minimum appropriation provided in Section
14 2 of the act adding this paragraph, and is in addition to all
15 other taxes and assessments, including without limitation, the
16 privilege taxes provided for under this article, and beginning
17 October 1, 2015, shall be at the annual rate of four hundred
18 one dollars and twenty-eight cents (\$401.28) for each bed in
19 the nursing facility, payable monthly.

20 "(c) The total privilege assessment, supplemental
21 privilege assessment, secondary privilege assessment,
22 (privilege assessments) and surcharge paid by a nursing
23 facility pursuant to this article shall be considered an
24 allowable cost, as that term is defined in the reimbursement
25 methodology for nursing facilities contained in Title 560 of
26 the Alabama Administrative Code, and, to the extent permitted
27 under applicable federal law governing the Alabama Medicaid

1 nursing home program, the total privilege assessments paid
2 must be included in the computation of the Medicaid per diem
3 rate determined under the reimbursement methodology for
4 nursing facilities contained in Title 560 of the Alabama
5 Administrative Code. The payment to nursing facilities of the
6 determined allowable costs in respect to the supplemental
7 privilege assessment described in subsection (b) shall be
8 included in Medicaid per diem rates for services provided
9 commencing as of January 1, 2011, and shall continue to be
10 included in such Medicaid per diem rates for a period equal to
11 the number of months during which the supplemental assessments
12 shall have been in effect. For each Medicaid nursing facility,
13 in determining the adjustment to the Medicaid per diem for the
14 allowable costs associated with the supplemental assessment,
15 the Alabama Medicaid Agency shall divide the total
16 supplemental assessment due under subsection (b) by the total
17 of all incurred resident days (regardless of payor class)
18 reported by such nursing facility in its Medicaid cost report
19 filed for the period then ended June 30, 2010. To accommodate
20 the increase in the supplemental assessment and the surcharge
21 described in subsection (b), Medicaid shall use the mechanism
22 described herein to adjust each nursing facility's rate
23 effective as of October 1, 2011, regarding the privilege
24 assessment, and May 1, 2012, regarding the surcharge.
25 Notwithstanding the foregoing, in the event that such cost
26 report shall be for a period less than one year, the resident
27 days reported shall be annualized. In the event that any

1 portion of the privilege assessment paid by a facility cannot
2 be included in the computation of the Medicaid per diem rate
3 because of the effect of any cost ceiling provision of the
4 reimbursement methodology, the cost ceiling must be adjusted
5 to ensure continued treatment of the total privilege
6 assessments as an allowable cost.

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

1 "(e) The Medicaid nursing facility program shall
2 continue to be administered directly by the Alabama Medicaid
3 Agency until at least October 1, ~~2019~~ 2022.

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