

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

1 ENGROSSED

2
3
4 A BILL
5 TO BE ENTITLED
6 AN ACT
7

8 To amend Section 40-26B-21, Code of Alabama 1975,
9 relating to the privilege tax on nursing facilities, to change
10 the privilege tax to an annual rate of \$1,899.96, to impose a
11 new supplemental tax of \$1,063.08 for the period September 1,
12 2010 through August 31, 2011, to reduce the percentage of
13 total nursing facility revenues used when considering a
14 reduction of the tax and to provide for the prepayment of the
15 supplemental privilege tax through an increase in the Medicaid
16 per diem rate beginning in January 2011.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

20 "§40-26B-21.

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

24 (a) There is levied and shall be collected a
25 privilege tax on the business activities of every nursing
26 facility in the State of Alabama. The privilege tax imposed is

1 in addition to all other taxes, and shall be at the annual
2 rate of ~~\$999.96~~ \$1,899.96 for each bed in the nursing
3 facility.

4 (b) For the period September 1, 2010 through August
5 31, 2011, tThere is levied and shall be collected a
6 supplemental privilege tax on the business activities of every
7 nursing facility in the State of Alabama. The supplemental
8 privilege tax imposed is in addition to all other taxes,
9 including without limitation, the privilege taxes provided for
10 under this article, and shall be at the annual rate of ~~\$900.00~~
11 \$1,063.08 for each bed in the nursing facility.

12 (c) The total privilege taxes paid by a nursing
13 facility pursuant to this article shall be considered an
14 "allowable costs," as that term is defined in the
15 reimbursement methodology for nursing facilities contained in
16 Title 560 of the Alabama Administrative Code, and, to the
17 extent permitted under applicable federal law governing the
18 Alabama Medicaid nursing home program, the total taxes paid
19 must be included in the computation of the Medicaid per diem
20 rate determined under the reimbursement methodology for
21 nursing facilities contained in Title 560 of the Alabama
22 Administrative Code. The payment to nursing facilities of the
23 determined allowable costs in respect to the supplemental
24 privilege tax described in Section 40-26B-21(b) shall be
25 included in Medicaid per diem rates for services provided
26 commencing as of January 1, 2011, and shall continue to be

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

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

1 and one-half percent (5.5%) of the total revenues received by
2 the nursing facilities in the state subject to the tax during
3 that same fiscal year. In the event that the supplemental
4 privilege tax is reduced as provided in the preceding
5 sentence, then for each Medicaid nursing facility a
6 corresponding reduction shall be made to the Medicaid per diem
7 adjustment described in Section 40-26B-21(c) to ensure that
8 only the amount of supplemental privilege tax actually paid is
9 used in computing that Medicaid nursing facility's allowable
10 costs.

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

1
2
3

4
5
6
7
8
9
10
11
12
13
14
15

16
17
18
19

House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Government Ap-
propriations 11-MAR-10

Read for the second time and placed
on the calendar with 1 substitute
and 01-APR-10

Read for the third time and passed
as amended 06-APR-10

Yeas 76, Nays 10, Abstains 8

Greg Pappas
Clerk