

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

ENGROSSED

A BILL

TO BE ENTITLED

## AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-26B-21.

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

(a) There is levied and shall be collected a privilege tax on the business activities of every nursing 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, there 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

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

(d) The privilege tax rate or the supplemental privilege tax rate shall be reduced by the department upon the advice of the Alabama Medicaid Agency if, but only if, such reduction is required to ensure that the total revenues to the State of Alabama produced by this privilege tax or, if the supplemental privilege tax is in effect, the aggregate of the supplemental privilege tax and the privilege tax, during any 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, following its passage and approval by the  
13                   Governor, or its otherwise becoming law.

1

2

3

House of Representatives

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

8

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

12

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

15

Yea 76, Nays 10, Abstains 8

16

17

18

19

Greg Pappas  
Clerk