

1 HB696
2 140381-1
3 By Representative Barton
4 RFD: Ways and Means General Fund
5 First Read: 17-APR-12

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8 SYNOPSIS: This bill would provide for a monthly
9 surcharge beginning on May 20, 2012, and ending
10 August 31, 2013, on nursing facilities. The initial
11 monthly surcharge would be reduced after September
12 20, 2012.
13

14 A BILL
15 TO BE ENTITLED
16 AN ACT
17

18 To amend Sections 40-26B-21 and 40-26B-22, as
19 amended by Act 2011-614 of the 2011 Regular Session (Acts
20 2011, p. 1376), Code of Alabama 1975, relating to the
21 privilege assessment on nursing facilities and Medicaid
22 nursing facility reimbursement aspects; to levy an additional
23 monthly surcharge beginning May 20, 2012, and ending August
24 31, 2013, to be due with each payment of the supplemental
25 privilege assessment referred to in Section 40-26B-21(b), Code
26 of Alabama 1975, with the initial monthly surcharge being
27 reduced beginning September 20, 2012 until August 31, 2013.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 40-26B-21 and 40-26B-22, as
3 amended by Act 2011-614 of the 2011 Regular Session (Acts
4 2011, p. 1376), Code of Alabama 1975, are amended to read as
5 follows:

6 "§40-26B-21.

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

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

16 "(b) For the period September 1, 2010 through August
17 31, ~~2013~~ 2014, there is levied and shall be collected a
18 supplemental privilege assessment on the business activities
19 of every nursing facility in the State of Alabama. The
20 supplemental privilege assessment imposed is in addition to
21 all other taxes and assessments, including without limitation,
22 the privilege taxes provided for under this article, and from
23 September 1, 2010, through August 31, 2011, shall be at the
24 annual rate of \$1,063.08 for each bed in the nursing facility,
25 and one thousand six hundred three dollars and eight cents
26 (\$1,603.08) for the period of September 1, 2011, through
27 August 31, 2013, except that beginning with the monthly

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

11 "(c) The total privilege assessment, ~~and~~
12 supplemental privilege assessment, (privilege assessments) and
13 surcharge paid by a nursing facility pursuant to this article
14 shall be considered an allowable costs, as that term is
15 defined in the reimbursement methodology for nursing
16 facilities contained in Title 560 of the Alabama
17 Administrative Code, and, to the extent permitted under
18 applicable federal law governing the Alabama Medicaid nursing
19 home program, the total privilege assessments paid must be
20 included in the computation of the Medicaid per diem rate
21 determined under the reimbursement methodology for nursing
22 facilities contained in Title 560 of the Alabama
23 Administrative Code. The payment to nursing facilities of the
24 determined allowable costs in respect to the supplemental
25 privilege assessment described in subsection (b) shall be
26 included in Medicaid per diem rates for services provided
27 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 assessments
3 shall have been in effect. For each Medicaid nursing facility,
4 in determining the adjustment to the Medicaid per diem for the
5 allowable costs associated with the supplemental assessment,
6 the Alabama Medicaid Agency shall divide the total
7 supplemental assessment due under subsection (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 then ended June 30, 2010. To accommodate
11 the increase in the supplemental assessment and the surcharge
12 described in subsection (b), Medicaid shall use the ~~same~~
13 mechanism described herein to adjust each nursing facility's
14 rate effective as of October 1, 2011, regarding the privilege
15 assessment, and May 1, 2012, regarding the surcharge.

16 Notwithstanding the foregoing, in the event that such cost
17 report shall be for a period less than one year, the resident
18 days reported shall be annualized. In the event that any
19 portion of the privilege ~~taxes~~ assessment paid by a facility
20 cannot be included in the computation of the Medicaid per diem
21 rate because of the effect of any cost ceiling provision of
22 the reimbursement methodology, the cost ceiling must be
23 adjusted to ensure continued treatment of the total privilege
24 assessments as an allowable cost.

25 "(d) The privilege assessment rate or the
26 supplemental privilege assessment rate or the surcharge rate
27 shall be reduced by the department upon the advice of the

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

18 "§40-26B-22.

19 "(a) The privilege assessments imposed by this
20 article shall be due and payable in monthly installments to
21 the department on or before the twentieth day of the month
22 next succeeding the month in which the ~~tax~~ assessment accrues,
23 and shall, when collected, be paid by the department into the
24 State Treasury. Payment by United States mail will be timely
25 if mailed in accordance with Section 40-1-45. When so paid
26 into the State Treasury, all such privilege assessments shall
27 be deposited to the credit of the Alabama Health Care Trust

1 Fund or any successor fund administered by or on behalf of the
2 Alabama Medicaid Agency.

3 "(b) The receipts from the privilege assessments
4 levied in this article shall be solely available for
5 appropriation by the Alabama Legislature to the Alabama
6 Medicaid Agency for use by the agency in accomplishing the
7 purposes of this article. Provided, however, for the first
8 fiscal year in which this article is effective, to defray its
9 expenses including salaries and costs of operation incident to
10 the collection of this privilege assessment, there is hereby
11 appropriated to the department and shall be deducted as a
12 first charge thereon, an amount not to exceed one percent of
13 the revenues collected pursuant to this article. Such amount
14 of money as shall be appropriated for each succeeding fiscal
15 year by the Legislature to the department with which to pay
16 the salaries, the cost of operation and the management of the
17 department shall be deducted, as a first charge thereon, from
18 the privilege assessments collected under and pursuant to this
19 article. Provided, however, the expenditure of the sum so
20 appropriated shall be budgeted and allotted pursuant to
21 Article 4 of Chapter 4 of Title 41, and limited to the amount
22 appropriated to defray the expenses of operating the
23 department for each fiscal year, incident to the collection of
24 this privilege assessment."

25 Section 2. This act shall become effective
26 immediately following its passage and approval by the
27 Governor, or its otherwise becoming law.

