

HB405 ENROLLED



1 HB405
2 I33LAWZ-2
3 By Representative Blackshear
4 RFD: Ways and Means General Fund
5 First Read: 06-Mar-25



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Enrolled, An Act,

Relating to the privilege assessment for nursing homes; to amend Section 40-26B-21, Code of Alabama 1975; to extend the supplemental privilege assessment, the secondary supplemental privilege assessment, and the surcharge through August 31, 2028; to provide that the Medicaid Nursing facility program be administered by the Alabama Medicaid Agency during the period that the privilege assessment is levied and collected.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-26B-21, Code of Alabama 1975, is 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 assessment on the business activities of every nursing facility in the State of Alabama. The privilege assessment imposed is in addition to all other taxes and assessments, and shall be at the annual rate of one thousand eight hundred ninety-nine dollars and ninety-six cents (\$1,899.96) for each bed in the nursing facility. Beginning September 1, 2020, the privilege assessment shall be increased from one thousand eight hundred ninety-nine dollars and ninety-six cents (\$1,899.96) for each bed in the nursing facility, by an addition to the privilege assessment equal to three hundred



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twenty-seven dollars and forty-eight cents (\$327.48) per annum. The addition to the privilege assessment shall be paid in equal monthly installments and shall merge into and be a part of the privilege assessment described in this subsection. The payment to nursing facilities of the determined allowable costs in respect to the addition to the privilege assessment described in this subsection shall be included in Medicaid per diem rates for services provided commencing as of October 1, 2020, and shall continue to be included in such Medicaid per diem rates in the same manner that reimbursement for the privilege assessment is included in Medicaid per diem rates. For each Medicaid nursing facility, in determining the October 1, 2020 adjustment to the Medicaid per diem for the allowable costs associated with the addition to the privilege assessment, the Medicaid Agency shall divide the total addition to the privilege assessment by the total of all incurred resident days (regardless of payor class) reported by each nursing facility in its Medicaid cost report filed for the period then ended June 30, 2019. Notwithstanding the foregoing, in the event that the June 30, 2019 cost report is for a period of less than one year, the resident days reported shall be annualized. After the October 1, 2020 adjustment under this subsection, the addition to the privilege assessment shall be fully merged into the privilege assessment and reimbursed in accordance with the method set forth for calculating the reimbursement for the privilege assessment. In the event that any portion of the privilege assessment paid by a facility cannot be included in the computation of Medicaid



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per diem rate because of the effect of any cost ceiling provision of the reimbursement methodology, the cost ceiling shall be adjusted to ensure continued treatment of the total privilege assessments as an allowable cost.

(b) For the period September 1, 2010, through August 31, ~~2025~~2028, there is levied and shall be collected a supplemental privilege assessment on the business activities of every nursing facility in the State of Alabama. The supplemental privilege assessment imposed is in addition to all other taxes and assessments, including, without limitation, the privilege taxes provided for under this article, and from September 1, 2010, through August 31, 2011, shall be at the annual rate of one thousand sixty-three dollars and eight cents (\$1,063.08) for each bed in the nursing facility, and one thousand six hundred three dollars and eight cents (\$1,603.08) for the period of September 1, 2011, through August 31, ~~2025~~2028, except that beginning with the monthly payment for the supplemental privilege assessment due beginning May 20, 2012, and ending August 31, ~~2025~~2028, there shall be a monthly surcharge due with each monthly payment of the supplemental privilege assessment. The initial monthly surcharge shall be one hundred thirty-one dollars and twenty-five cents (\$131.25) per licensed bed. Beginning with the monthly payment of the supplemental privilege assessment due on September 20, 2012, the monthly surcharge shall be reduced to forty-three dollars and seventy-five cents (\$43.75) per month.

For the period October 1, 2015, through August 31,



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20252028, there shall be collected a secondary supplemental privilege assessment on the business activities of every nursing facility in the State of Alabama. The secondary supplemental privilege assessment imposed in this paragraph is contingent upon the minimum appropriation provided in Section 2 of Act 2015-536, and is in addition to all other taxes and assessments, including, without limitation, the privilege taxes provided for under this article, and beginning October 1, 2015, shall be at the annual rate of four hundred one dollars and twenty-eight cents (\$401.28) for each bed in the nursing facility, payable monthly.

(c) The total privilege assessment (and the addition to the privilege assessment), supplemental privilege assessment, secondary privilege assessment, (privilege assessments) and surcharge paid by a nursing facility pursuant to this article shall be considered an allowable cost, as that term is defined in the reimbursement methodology for nursing facilities contained in Title 560 of the Alabama Administrative Code, and, to the extent permitted under applicable federal law governing the Alabama Medicaid nursing home program, the total privilege assessments paid must be included in the computation of the Medicaid per diem rate determined under the reimbursement methodology for nursing facilities contained in Title 560 of the Alabama Administrative Code. The payment to nursing facilities of the determined allowable costs in respect to the supplemental privilege assessment described in subsection (b) shall be included in Medicaid per diem rates for services provided commencing as of January 1, 2011, and



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shall continue to be included in such Medicaid per diem rates for a period equal to the number of months during which the supplemental assessments 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 assessment, the Medicaid Agency shall divide the total supplemental assessment due under subsection (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 then ended June 30, 2010. To accommodate the increase in the supplemental assessment and the surcharge described in subsection (b), the agency shall use the mechanism described herein to adjust each nursing facility's rate effective as of October 1, 2011, regarding the privilege assessment, and May 1, 2012, regarding the surcharge. Notwithstanding the foregoing, 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 assessment 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 assessments as an allowable cost.

(d) The privilege assessment rate or the supplemental privilege assessment rate or the surcharge rate shall be reduced by the department upon the advice of the Medicaid Agency if, but only if, such reduction is required to ensure



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that the total revenues to the State of Alabama produced by this privilege assessment or, if the supplemental privilege assessment and surcharge are in effect, the aggregate of the supplemental privilege assessment and surcharge and the privilege assessment, during any state fiscal year are less than or equal to six percent of the total revenues received by the nursing facilities in the state subject to the assessment during that same fiscal year. In the event that the supplemental privilege assessment or surcharge are reduced as provided in the preceding sentence, then for each Medicaid nursing facility a corresponding reduction shall be made to the Medicaid per diem adjustment described in subsection (c) to ensure that only the amount of supplemental privilege assessment or surcharge actually paid is used in computing that Medicaid nursing facility's allowable costs.

(e) The Medicaid nursing facility program shall continue to be administered directly by the Medicaid Agency during the period in which the provider assessment provided by this section is levied and collected."

Section 2. This act shall become effective on June 1, 2025.



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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 03-Apr-25.

John Treadwell
Clerk

Senate

29-Apr-25

Passed