

HB405 INTRODUCED



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



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SYNOPSIS:

Existing law provides that the current supplemental privilege assessment, secondary supplemental privilege assessment, and surcharge that are imposed on each bed in a nursing facility expire on August 31, 2025.

This bill would extend the current supplemental privilege assessment, secondary supplemental privilege assessment, and surcharge through August 31, 2028.

This bill would also provide that the Medicaid nursing facility program be administered directly by the Alabama Medicaid Agency during the period in which the privilege assessment is levied and collected.

A BILL
TO BE ENTITLED
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



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29 the period that the privilege assessment is levied and
30 collected.

31 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

34 "§40-26B-21

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

38 (a) There is levied and shall be collected a privilege
39 assessment on the business activities of every nursing
40 facility in the State of Alabama. The privilege assessment
41 imposed is in addition to all other taxes and assessments, and
42 shall be at the annual rate of one thousand eight hundred
43 ninety-nine dollars and ninety-six cents (\$1,899.96) for each
44 bed in the nursing facility. Beginning September 1, 2020, the
45 privilege assessment shall be increased from one thousand
46 eight hundred ninety-nine dollars and ninety-six cents
47 (\$1,899.96) for each bed in the nursing facility, by an
48 addition to the privilege assessment equal to three hundred
49 twenty-seven dollars and forty-eight cents (\$327.48) per
50 annum. The addition to the privilege assessment shall be paid
51 in equal monthly installments and shall merge into and be a
52 part of the privilege assessment described in this subsection.
53 The payment to nursing facilities of the determined allowable
54 costs in respect to the addition to the privilege assessment
55 described in this subsection shall be included in Medicaid per
56 diem rates for services provided commencing as of October 1,



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57 2020, and shall continue to be included in such Medicaid per
58 diem rates in the same manner that reimbursement for the
59 privilege assessment is included in Medicaid per diem rates.
60 For each Medicaid nursing facility, in determining the October
61 1, 2020 adjustment to the Medicaid per diem for the allowable
62 costs associated with the addition to the privilege
63 assessment, the Medicaid Agency shall divide the total
64 addition to the privilege assessment by the total of all
65 incurred resident days (regardless of payor class) reported by
66 each nursing facility in its Medicaid cost report filed for
67 the period then ended June 30, 2019. Notwithstanding the
68 foregoing, in the event that the June 30, 2019 cost report is
69 for a period of less than one year, the resident days reported
70 shall be annualized. After the October 1, 2020 adjustment
71 under this subsection, the addition to the privilege
72 assessment shall be fully merged into the privilege assessment
73 and reimbursed in accordance with the method set forth for
74 calculating the reimbursement for the privilege assessment. In
75 the event that any portion of the privilege assessment paid by
76 a facility cannot be included in the computation of Medicaid
77 per diem rate because of the effect of any cost ceiling
78 provision of the reimbursement methodology, the cost ceiling
79 shall be adjusted to ensure continued treatment of the total
80 privilege assessments as an allowable cost.

81 (b) For the period September 1, 2010, through August
82 31, ~~2025~~2028, there is levied and shall be collected a
83 supplemental privilege assessment on the business activities
84 of every nursing facility in the State of Alabama. The



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85 supplemental privilege assessment imposed is in addition to
86 all other taxes and assessments, including, without
87 limitation, the privilege taxes provided for under this
88 article, and from September 1, 2010, through August 31, 2011,
89 shall be at the annual rate of one thousand sixty-three
90 dollars and eight cents (\$1,063.08) for each bed in the
91 nursing facility, and one thousand six hundred three dollars
92 and eight cents (\$1,603.08) for the period of September 1,
93 2011, through August 31, ~~2025~~2028, except that beginning with
94 the monthly payment for the supplemental privilege assessment
95 due beginning May 20, 2012, and ending August 31, ~~2025~~2028,
96 there shall be a monthly surcharge due with each monthly
97 payment of the supplemental privilege assessment. The initial
98 monthly surcharge shall be one hundred thirty-one dollars and
99 twenty-five cents (\$131.25) per licensed bed. Beginning with
100 the monthly payment of the supplemental privilege assessment
101 due on September 20, 2012, the monthly surcharge shall be
102 reduced to forty-three dollars and seventy-five cents (\$43.75)
103 per month.

104 For the period October 1, 2015, through August 31,
105 ~~2025~~2028, there shall be collected a secondary supplemental
106 privilege assessment on the business activities of every
107 nursing facility in the State of Alabama. The secondary
108 supplemental privilege assessment imposed in this paragraph is
109 contingent upon the minimum appropriation provided in Section
110 2 of Act 2015-536, and is in addition to all other taxes and
111 assessments, including, without limitation, the privilege
112 taxes provided for under this article, and beginning October



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113 1, 2015, shall be at the annual rate of four hundred one
114 dollars and twenty-eight cents (\$401.28) for each bed in the
115 nursing facility, payable monthly.

116 (c) The total privilege assessment (and the addition to
117 the privilege assessment), supplemental privilege assessment,
118 secondary privilege assessment, (privilege assessments) and
119 surcharge paid by a nursing facility pursuant to this article
120 shall be considered an allowable cost, as that term is defined
121 in the reimbursement methodology for nursing facilities
122 contained in Title 560 of the Alabama Administrative Code,
123 and, to the extent permitted under applicable federal law
124 governing the Alabama Medicaid nursing home program, the total
125 privilege assessments paid must be included in the computation
126 of the Medicaid per diem rate determined under the
127 reimbursement methodology for nursing facilities contained in
128 Title 560 of the Alabama Administrative Code. The payment to
129 nursing facilities of the determined allowable costs in
130 respect to the supplemental privilege assessment described in
131 subsection (b) shall be included in Medicaid per diem rates
132 for services provided commencing as of January 1, 2011, and
133 shall continue to be included in such Medicaid per diem rates
134 for a period equal to the number of months during which the
135 supplemental assessments shall have been in effect. For each
136 Medicaid nursing facility, in determining the adjustment to
137 the Medicaid per diem for the allowable costs associated with
138 the supplemental assessment, the Medicaid Agency shall divide
139 the total supplemental assessment due under subsection (b) by
140 the total of all incurred resident days (regardless of payor



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141 class) reported by such nursing facility in its Medicaid cost
142 report filed for the period then ended June 30, 2010. To
143 accommodate the increase in the supplemental assessment and
144 the surcharge described in subsection (b), the agency shall
145 use the mechanism described herein to adjust each nursing
146 facility's rate effective as of October 1, 2011, regarding the
147 privilege assessment, and May 1, 2012, regarding the
148 surcharge. Notwithstanding the foregoing, in the event that
149 such cost report shall be for a period less than one year, the
150 resident days reported shall be annualized. In the event that
151 any portion of the privilege assessment paid by a facility
152 cannot be included in the computation of the Medicaid per diem
153 rate because of the effect of any cost ceiling provision of
154 the reimbursement methodology, the cost ceiling must be
155 adjusted to ensure continued treatment of the total privilege
156 assessments as an allowable cost.

157 (d) The privilege assessment rate or the supplemental
158 privilege assessment rate or the surcharge rate shall be
159 reduced by the department upon the advice of the Medicaid
160 Agency if, but only if, such reduction is required to ensure
161 that the total revenues to the State of Alabama produced by
162 this privilege assessment or, if the supplemental privilege
163 assessment and surcharge are in effect, the aggregate of the
164 supplemental privilege assessment and surcharge and the
165 privilege assessment, during any state fiscal year are less
166 than or equal to six percent of the total revenues received by
167 the nursing facilities in the state subject to the assessment
168 during that same fiscal year. In the event that the



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169 supplemental privilege assessment or surcharge are reduced as
170 provided in the preceding sentence, then for each Medicaid
171 nursing facility a corresponding reduction shall be made to
172 the Medicaid per diem adjustment described in subsection (c)
173 to ensure that only the amount of supplemental privilege
174 assessment or surcharge actually paid is used in computing
175 that Medicaid nursing facility's allowable costs.

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

180 Section 2. This act shall become effective on June 1,
181 2025.