

Huckabee signs bed-tax bill for nursing homes

By CHRIS OSHER ARKANSAS DEMOCRAT-GAZETTE March 10, 2001 Publication: Arkansas Democrat-Gazette (Little Rock, AR) Page: B1 Word Count: 752

Gov. Mike Huckabee on Friday signed into law a bill that will impose a new tax on nursing home beds in the state. He vetoed a competing measure that would have levied a new tax on tobacco products.

Huckabee approved House Bill 1274 by Rep. Bill Bevis, D-Scott, which will pave the way for an annual infusion of money to nursing homes, starting this fiscal year. Combined with federal matching funds, the new aid to nursing homes will total about \$140 million a year in the fiscal year that starts July 1, 2002, according to state officials.

"I'm very pleased," Bevis said. "We've been working on this bill for two years. We've worked long and hard, and the governor's signature finalizes it for us."

The bill will impose a tax on nursing homes of \$5.25 per bed filled per day through June 30, retroactive to Jan. 12. After June 30, the tax rate will be adjusted on the basis of the gross receipts of each nursing homes.

The bill is expected to raise nearly \$40 million the first year. Every \$1 it raises will be used to attract \$3 from the federal Medicaid program for financing nursing home improvements. The amount that would be provided to nursing homes will reach about \$140 million a year in fiscal 2003.

The measure was contentious because it would mean an initial increase of about \$2,000 a year for elderly patients who don't receive Medicaid, although supporters stressed that rates for many of them would have risen anyway. That's because nursing homes with a mixture of

patients -- some who are covered by Medicaid and some who aren't -- would have to increase their rates for patients with no Medicaid, they said.

Supporters said the bill was the best way to get a steady stream of new revenue to the state's nursing home industry, which contends it is on the verge of collapse as it struggles with federal patient-care reimbursements that are among the lowest in the nation.

"It's a good day for nursing home patients and employees of nursing homes in Arkansas," said James Cooper, president of the Arkansas Health Care Association, the trade group for most nursing homes in the state. "We are ecstatic he signed it into law, and we appreciate him for doing so."

There are about 22,000 nursing home patients in Arkansas, about three-quarters of whom rely on Medicaid.

Arkansas has 239 nursing homes, seven of which are not in the Medicaid nursing home program and will not see any of the benefits from the new tax.

Huckabee previously declared the nursing home funding battle "not my fight." Even after a proposal that would have taken revenue from one of the governor's cherished projects -- the tobacco settlement funds -- Huckabee declined to support what is known as the bed tax. The governor's position had been that he would sign the bed-tax bill if it reached his desk, but he was not a proponent.

Huckabee eventually came out in favor of the bed tax, which the legislation calls a quality assurance fee, after a competing proposal -- Senate Bill 287 by Sen. Jim Argue -- surfaced.

Argue's bill, which also would have raised about \$40 million a year for nursing homes, would have added a 6 percent gross-receipts tax on all tobacco products at the wholesale level.

Argue said his bill would cost smokers just 17 cents more per pack. That's the bill Huckabee vetoed Friday.

"I think it's a poor choice," Argue said about Huckabee's veto of his bill.

The senator said he doubted there would be any attempt to override the governor's veto. That could be done by the House and Senate approving the bill again by simple majority votes, he

said.

State Sen. Gunner DeLay, R-Fort Smith, an opponent of the bed-tax bill, said he feared the governor had made a mistake. "I think it's a an absolute slap in the face to every senior citizen that finds themselves paying their own nursing home cost," DeLay said. "Can you imagine if we raised taxes on working people \$1,500 to \$2,000 a year?"

When Huckabee came out against the tobacco tax, he said it was a "temporary Band-Aid," because revenue from tobacco taxes would decline as people stop smoking.

Huckabee signed the measure in his office. For his favored bills, he stages signings in the rotunda of the Capitol.

Other proposals that would affect nursing homes this legislative session include one to establish new staffing requirements and another to cap at \$1.5 million the liability nursing homes face for punitive and compensatory damages in lawsuits.

Slug Line: yxgr-bedtaxsa FOR 1B

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Page: B1

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