

HOUSE BILL REPORT

HB 2673

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to insurance coverage of the sales tax for prescribed durable medical equipment and mobility enhancing equipment.

Brief Description: Concerning insurance coverage of the sales tax for prescribed durable medical equipment and mobility enhancing equipment.

Sponsors: Representatives Williams, Liias, Chase, Cody, Green, Hasegawa, Jacks, Dunshee, Ericks, Kenney, Simpson, Moeller, Campbell and Morrell.

Brief History:

Committee Activity:

Health Care & Wellness: 1/21/10, 1/29/10 [DPS].

Brief Summary of Substitute Bill

- Requires inclusion of the sales tax or use tax calculation in the plan payment on medical insurance plans issued on or after January 1, 2011, that include coverage for prescribed durable medical equipment and mobility enhancing equipment.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Cody, Chair; Driscoll, Vice Chair; Campbell, Clibborn, Green, Hinkle, Kelley, Moeller, Morrell and Pedersen.

Minority Report: Without recommendation. Signed by 3 members: Representatives Ericksen, Ranking Minority Member; Bailey and Herrera.

Staff: Dave Knutson (786-7146).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Durable medical equipment includes a variety of devices, such as: blood glucose monitors, canes, home oxygen equipment, hospital beds, walkers, and wheelchairs. Health coverage typically includes coverage for these types of prescribed devices, and a common benefit design would cover 80 percent of the cost of the device, with the remaining 20 percent to be paid by the patient. Some health carriers include the cost of the state sales tax with their plan payment to the vendor, but many others do not. In such a case, the responsibility to pay the sales tax falls on the patient or on the vendor providing the device. Some devices are quite expensive and the patient charge for their portion of the payment plus an additional charge for sales tax on the total item price can be prohibitive.

Summary of Substitute Bill:

The sales tax or use tax calculation must be included in the plan payment for medical insurance plans issued on or after January 1, 2011, that include coverage for prescribed durable equipment and mobility enhancing equipment. The payment must separately identify the amount of the tax from the payment for the equipment. The tax calculation must be consistent with the sales tax requirements established in RCW 82.08 and the use tax requirements in RCW 82.12.

The definitions for durable medical equipment and mobility enhancing equipment are consistent with the definitions provided in RCW 82.08 and 82.12. Durable medical equipment includes equipment that:

- can withstand repeated use;
- is primarily and customarily used to serve a medical purpose;
- generally is not useful to a person in the absence of illness or injury; and
- is not worn in or on the body.

Mobility enhancing equipment includes equipment that is:

- primarily and customarily used to provide or increase the ability to move from one place to another;
- is appropriate for use in a home or a motor vehicle;
- is not generally used by persons with normal mobility; and
- does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

Substitute Bill Compared to Original Bill:

The effective date is moved from July 1, 2010, to January 1, 2011. The health plan payment for covered durable medical equipment must be broken out to reflect the negotiated rate for the equipment, and separately identify the appropriate sales tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Senior citizens and the disabled should not have to pay the sales tax on durable medical equipment. Health carriers have shifted the responsibility of paying sales tax on durable medical equipment from themselves to consumers.

(With concerns) Durable medical equipment vendors should invoice the sales tax so the health carrier knows what the geographically adjusted sales tax rate is.

(Other) Health care services for the poor and disabled should not be reduced.

(Opposed) None.

Persons Testifying: (In support) Thomas Coogan and Robert Lee, Pacific Association of Medical Equipment Services; Mike Partridge, Paralyzed Veteran's of America; Walt Bowen, Washington State Senior Citizen's Lobby; and Jesse Magana, Home Care Quality Authority.

(With concerns) Carrie Tellefson, Regence Blue Shield.

(Other) Robert Wardell.

Persons Signed In To Testify But Not Testifying: None.