
HOUSE BILL 1812

State of Washington

68th Legislature

2023 Regular Session

By Representatives Springer, Stokesbary, Chopp, and Chapman

Read first time 02/10/23. Referred to Committee on Finance.

1 AN ACT Relating to continuing the business and occupation tax
2 deduction for federal funds received from a medicaid transformation
3 or demonstration project or medicaid quality improvement program or
4 standard; and amending RCW 82.04.43395.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.04.43395 and 2019 c 350 s 1 are each amended to
7 read as follows:

8 (1) An accountable community of health may deduct from the
9 measure of tax (~~(delivery system reform incentive payments)~~) medicaid
10 transformation project funding distributed by the Washington state
11 health care authority, as described in Sec. 1115 medicaid
12 demonstration project number 11-W-00304/0, and subsequent project
13 iterations, approved by the centers for medicare and medicaid
14 services in accordance with Sec. 1115(a) of the social security act.

15 (2) A hospital that is owned by a municipal corporation or
16 political subdivision, or a hospital that is affiliated with a state
17 institution, may deduct from the measure of tax either or both of the
18 following:

19 (a) Incentive payments received through the medicaid quality
20 improvement program established through 42 C.F.R. 438.6(b)(2), as
21 existing on July 28, 2019, and subsequent program iterations;

1 (b) (~~Delivery system reform incentive payments~~) Medicaid
2 transformation project funding received through the project described
3 in Sec. 1115 medicaid demonstration project number 11-W-00304/0, and
4 subsequent project iterations, approved by the centers for medicare
5 and medicaid services in accordance with Sec. 1115(a) of the social
6 security act.

7 (3) Managed care organizations may deduct from the measure of tax
8 the incentive payments received for achieving quality performance
9 standards established through 42 C.F.R. 438.6(b)(2), as existing on
10 July 28, 2019.

11 (4) The definitions in this subsection apply throughout this
12 section unless the context clearly requires otherwise.

13 (a) "Accountable community of health" means an entity designated
14 by the health care authority as a community of health under RCW
15 41.05.800 and any additional accountable communities of health
16 authorized by the health care authority as part of Sec. 1115 medicaid
17 demonstration project number 11-W-00304/0.

18 (b) "Managed care organization" has the same meaning as provided
19 in RCW 74.60.010.

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