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HOUSE BILL 1682

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State of Washington                      54th Legislature                      1995 Regular Session

By Representatives Hymes, Morris, Sherstad, Stevens, Kremen,  
D. Schmidt, Thompson, Blanton, Cooke and Mastin

Read first time 02/03/95. Referred to Committee on Finance.

1            AN ACT Relating to the tax treatment of managed care entities;  
2 adding a new section to chapter 82.04 RCW; creating a new section;  
3 providing an effective date; and declaring an emergency.

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

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.04 RCW  
6 to read as follows:

7            MANAGED CARE AND EQUITABLE TAX TREATMENT.    (1) The legislature  
8 finds that managed care arrangement presents a reasonable means to  
9 control health care costs.    However, managed care arrangements  
10 typically involve several different groups coming together to provide  
11 health care.    This can result in each of the parties being taxed for  
12 all of the care being provided even though the care is provided by  
13 others under contract.    It is in the public interest to avoid the  
14 discouragement of managed care through tax burdens that do not apply to  
15 nonmanaged care arrangements.

16            (2) In computing tax under this chapter, there may be deducted from  
17 the measure of tax, amounts paid or subject to be paid to health care  
18 providers for rendering services to patients pursuant to a contract  
19 between a health care provider organization such as an independent

1 practice association, physician-hospital organization, management  
2 services organization, or similar entity; and a third party payer or  
3 another health care provider organization that has such a contract with  
4 a third party payer. A health care provider organization does not  
5 qualify for this deduction unless the payments to the providers are  
6 subject to this tax.

7 NEW SECTION. **Sec. 2.** CAPTIONS. Captions as used in this act  
8 constitute no part of the law.

9 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
10 preservation of the public peace, health, or safety, or support of the  
11 state government and its existing public institutions, and shall take  
12 effect July 1, 1995.

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