

HOUSE BILL REPORT

SSB 6273

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

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Swecker, Fairley, Keiser, Hatfield, Pflug, Stevens, Shin and McCaslin).

Brief History:

Committee Activity:

Health Care & Wellness: 2/18/10, 2/23/10 [DP].

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: Do pass. Signed by 11 members: Representatives Cody, Chair; Driscoll, Vice Chair; Campbell, Clibborn, Green, Herrera, Hinkle, Kelley, Moeller, Morrell and Pedersen.

Minority Report: Do not pass. Signed by 2 members: Representatives Ericksen, Ranking Minority Member; Bailey.

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 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 differentiate 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.
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Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) It is important for health carriers to show the sales tax as a separate line item in the bill so the patient does not end up paying the tax. Some carriers claim they bundle the tax in with the allowable cost of the durable medical equipment making it difficult to tell who is paying the sales tax.

(Opposed) Health carriers should have the flexibility to determine how best to account for the sales tax. Health carriers should be able to process the payments in the way that best simplifies their administrative expense.

Persons Testifying: (In support) Robert Lee, Thomas Coogan, Clark Landis, Don Adler, and Rebecca Ruecker, Pacific Association of Medical Equipment Services; Sydney Zvara, Association of Washington Healthcare Plans; Nancy Campbell, Therapeutic Resources Inc.; Wendy Pearson, Bennett, Bigelow & Leedom; Jesse Magana, Disability Resource Center; Kelly Strang, Care Medical; Angelene Ashkar, AA Homecare; and Heather Hooper, Durable Medical Equipment Regional Carrier Advisory Committee.

(Opposed) Jack McRae, Premera Blue Cross; and Ross Baker, Regence Blue Shield.

Persons Signed In To Testify But Not Testifying: None.