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**ENGROSSED HOUSE BILL 1812**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Representatives Springer, Stokesbary, Chopp, and Chapman

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

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

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

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

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

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

(b) Delivery system reform incentive payments, medicaid transformation project funding, or both, received through the project described in Sec. 1115 medicaid demonstration project number 11-W-00304/0, approved by the centers for medicare and medicaid services in accordance with Sec. 1115(a) of the social security act.

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

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

(a) "Accountable community of health" means ((~~an entity designated by the health care authority as a community of health under RCW 41.05.800 and any additional accountable communities of health authorized by the health care authority~~)) a regional nonprofit designated by the health care authority to work together with the health care delivery system, health plans, public health, social services, community-based organizations, the justice system, schools, tribal partners, and local government leaders to improve the health equity of their communities as part of Sec. 1115 medicaid demonstration project number 11-W-00304/0.

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

NEW SECTION. **Sec.**  RCW 82.32.805 and 82.32.808 do not apply to this act.

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