

RCW 82.04.43395 Deductions—Accountable community of health.

(1) An accountable community of health may deduct from the measure of tax delivery system reform incentive payments distributed by the Washington state health care authority, as 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.

(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 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 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. [2019 c 350 § 1; 2018 c 102 § 2.]

***Reviser's note:** RCW 41.05.800 expired July 1, 2020, pursuant to 2014 c 223 § 21.

Application—2019 c 350: "The deductions in section 1 of this act apply only with respect to amounts received on or after July 28, 2019, by a hospital that is owned by a municipal corporation or political subdivision, a hospital that is affiliated with a state institution, or a managed care organization." [2019 c 350 § 2.]

Automatic expiration date and tax preference performance statement exemption—2019 c 350: "The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act." [2019 c 350 § 3.]

Effective date—2018 c 102: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 15, 2018]." [2018 c 102 § 5.]

Application—2018 c 102: "The deductions in section 2 of this act apply only with respect to amounts received on or after March 15, 2018, by an accountable community of health or a hospital that is owned by a municipal corporation or political subdivision." [2018 c 102 § 3.]

Tax preference performance statement—2018 c 102: "(1) This section is the tax preference performance statement for the tax preference contained in section 2, chapter 102, Laws of 2018. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to reduce structural inefficiencies in the tax structure under RCW 82.32.808(2) (d).

(3) The legislature acknowledges the importance of accountable communities of health under *RCW 41.05.800 in aligning actions to achieve healthy communities and populations, improving health care quality, and lowering costs. It is the legislature's intent to remedy inconsistencies in the tax structure by allowing accountable communities of health to deduct certain funds as amounts subject to business and occupation tax in order to ensure accountable communities of health receive tax relief similar to other nonprofit or public-private health care organizations." [2018 c 102 § 1.]

***Reviser's note:** RCW 41.05.800 expired July 1, 2020, pursuant to 2014 c 223 § 21.

Tax preference performance statement requirement and automatic expiration date exemption—2018 c 102: "The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act." [2018 c 102 § 4.]