

SENATE BILL REPORT

SB 6163

As Passed Senate, February 6, 1996

Title: An act relating to a tax exemption for prepayments for health care services provided under Title XVIII (medicare) of the federal social security act.

Brief Description: Extending a tax exemption for prepayments for health care services provided under Title XVIII (medicare) of the social security act.

Sponsors: Senators Wojahn, West and Winsley.

Brief History:

Committee Activity: Health & Long-Term Care: 1/9/96 [DP].

Ways & Means: 1/23/96, 1/24/96 [DP].

Passed Senate, 2/6/96, 45-2.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators Quigley, Chair; Wojahn, Vice Chair; Deccio, Fairley, Franklin, Moyer, Thibaudeau, Winsley and Wood.

Staff: Don Sloma (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Fraser, Hargrove, Hochstatter, Long, Moyer, Sheldon, Spanel, Strannigan, West and Winsley.

Staff: Terry Wilson (786-7715)

Background: The 1993 Health Services Act imposed a 2 percent tax on premiums and prepayments received by health maintenance organizations (HMOs) and health care service contractors (HCSCs). The funds were deposited in a health services account, along with revenues from tobacco tax increases, hospital tax increases and some alcohol tax increases to fund subsidized enrollment in the state's Basic Health Plan.

Amounts received by HMOs and HCSCs for Medicare services were exempt from the 2 percent premium and prepayment tax until July 1, 1997.

Summary of Bill: The HMO and HCSC exemption from the 2 percent premium tax for Medicare payments is continued indefinitely.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Health & Long-Term Care): The bill is needed to avoid taxing public funds received by HMOs and HCSCs.

Testimony Against (Health & Long-Term Care): None.

Testified (Health & Long-Term Care): PRO: Bruce Bishop, Kaiser Permanente; Diane Stollenwerk, Sisters of Providence Health & Select Care Plans.

Testimony For (Ways & Means): When the health care bill was enacted, all health programs were going to be rolled under the uniform benefit package. It made sense to tax Medicare payments, but the health care plan has been repealed. It no longer makes sense to tax Medicare payments. This levels the playing field.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Bruce Bishop, Kaiser Permanente (pro); Diane Stollenwerk, Sisters of Providence Health & Select Care Plans (pro).