



STATE OF WEST VIRGINIA  
**STATE TAX DEPARTMENT**

**Bob Wise**  
GOVERNOR

**Dale W. Steager**  
ACTING STATE TAX COMMISSIONER

**December 14, 2004**

**\*\*\*\*\*IMPORTANT NOTICE TO ALL HEALTH CARE PROVIDERS\*\*\*\*\***

**Re: Taxation of health care services provided to Federal employees, retirees and their covered dependents, which are paid for with Federal Employees Health Benefits Program (FEHBP) funds under the Federal Employees Health Benefits Act.**

On August 7, 2003, The United States Court of Appeals for the Fourth Circuit rendered a decision which found that health care providers are subject to provisions of the West Virginia Health Care Provider Tax Act of 1993 (WV Code § 11-27) on gross receipts generated by services to Federal employees, retirees and their covered dependents that are paid from FEHBP funds through an insurance carrier.

In accordance with the court's decision the West Virginia Tax Department will treat FEHBP receipts as taxable for services rendered on or after March 1, 2004. For purposes of the West Virginia health care provider tax, West Virginia health care providers should include receipts from medical services that were paid out of FEHBP funds with the measure of gross receipts for purposes of the tax.

Should you have questions or need additional information you may contact Marsha Rader at (304) 558-8628.