



Region 10
2201 Sixth Avenue, MS/RX 43
Seattle, Washington 98121

OCT 12 2010

Susan Dreyfus, Secretary
Department of Social and Health Services
Post Office Box 45010
Olympia, Washington 98504-5010

RE: Washington State Plan Amendment (SPA) Transmittal Number 10-001B

Dear Ms. Dreyfus:

The Centers for Medicare & Medicaid Services has completed its review of State Plan Amendment (SPA) Transmittal Number 10-001B.

Beginning February 1, 2010, payments for services reimbursed using the Ambulatory Payment Classification method at Prospective Payment System Hospitals will be increased by 36.83 percent utilizing the department's hospital-specific OPPS rate.

This SPA is approved effective January 1, 2010, as requested by the State.

I appreciate the significant amount of work that your staff dedicated to getting this SPA approved and the cooperative way in which we achieved this much-desired outcome. If you have any questions concerning this SPA, please contact me, or have your staff contact Mary Jones at (360) 486-0243 or Mary.Jones2@cms.hhs.gov.

Sincerely,

Barbara K. Richards
Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

cc: Douglas Porter, Assistant Secretary, Health and Recovery Services Administration

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
10-001 B (P&I)

2. STATE
Washington

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
Jan. 1, 2010

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2010 \$ 130,689,880
b. FFY 2011 \$ 165,481,751

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Part 1, pages 4-11, 16, 30, 39, 44 (P&I)
Attachment 4.19-B page 16
Attachment 4.19-B, page 16a(P&I)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A Part 1, pages 4-11, 16, 30, 39, 44 (P&I)
Attachment 4.19-B page 16

10. SUBJECT OF AMENDMENT:

Hospital Assessment (Outpatient)(P&I)

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED: Exempt

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:

Susan N. Dreyfus

14. TITLE:

Secretary

15. DATE SUBMITTED:

Ann Myers

Department of Social and Health Services
Health and Recovery Services Administration
626 8th Ave SE MS: 45504
Olympia, WA 98504-5504

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **MARCH 31 2010**

18. DATE APPROVED: **OCT 12 2010**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN 01 2010

20. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE:

Associate Regional Administrator

21. TYPED NAME:

Barbara K. Richards

23. REMARKS:

**Division of Medicaid &
Children's Health**

4/13/2010 State authorized pen and ink changes.

8/16/2010 State authorized pen and ink changes to box 8 - add page 16a.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

VIII. Institutional Services

A. Outpatient hospital services

Duplicate payment for services does not occur. Non-Critical Access Hospital (CAH) outpatient hospital services are reimbursed utilizing either:

- 1. The department's Medicaid Outpatient Prospective Payments System (OPPS), in which each service is individually reimbursed using one of the following payment methods: Ambulatory Payment Classifications (APC); fee schedule; or "hospital outpatient rate" (the APC method is the primary payment method in OPPS).

Beginning with dates of service on or after February 1, 2010, payments for services reimbursed using the Ambulatory Payment Classifications method at Prospective Payment System hospitals (as defined in Attachment 4.19-A, Part 1, page 10) will be increased by thirty-six and eighty-three one hundredths percent, utilizing the department's hospital-specific OPPS rate as defined in WAC 388-550-7500, in effect as of January 1, 2010.

The agency's fee schedule rate was set as of July 1, 2010 and is effective for dates of services provided on or after that date. All rates are published at <http://hrsa.dshs.wa.gov/HospitalPymt/Outpatient/Index.htm> Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services.

- 2. For non-CAH hospitals and covered services exempt from the department's Medicaid OPPS method, a fee schedule or a "hospital outpatient rate".

For non-CAH hospitals and covered services not paid using the OPPS or the "hospital outpatient rate", the department pays the lesser of the usual and customary charge or a fee based on a department fee schedule for: covered procedures when a technical component has been established in the Medicare Fee Schedule Data Base (MFSDB); and procedures specifically identified by the department. Fees for these services are set using the Resource Based Relative Value Scale (RBRVS) methodology.

Services paid using the department's fee schedule include, but are not limited to, laboratory/pathology, radiology and nuclear medicine, computerized tomography scans, magnetic resonance imaging, other imaging services, physical therapy, occupational therapy, speech/language therapy, EKG/ECG/EEG, other diagnostics, synagis, sleep studies, and other hospital services as identified and published by the department.

The "hospital outpatient rate" is a hospital-specific rate having as its base the hospital's inpatient ratio of costs-to-charges (RCC) rate adjusted by an outpatient adjustment factor that factors annual cost and charge level changes into the rate. The "hospital outpatient rate" is used to reimburse under OPPS as explained earlier in this subsection, or for non-CAH hospitals exempt from the department's OPPS, for all other covered outpatient services (those not mentioned in the previous paragraphs as covered by fee schedule) on the hospital's outpatient claim.

The agency's fee schedule rate was set as of July 1, 2010 and is effective for dates of services provided on or after that date. All rates are published at <http://hrsa.dshs.wa.gov/HospitalPymt/Outpatient/Index.htm> Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

VIII. Institutional Services (cont)

A. Outpatient hospital services (cont)

3. Trauma Center Services

Trauma Centers are designated by the State of Washington Department of Health (DOH) into five levels, based on level of services available. This includes Level 1, the highest level of trauma care, through Level V, the most basic trauma care.

Level of designation is determined by specific numbers of health care professionals trained in specific trauma care specialties, inventories of specific trauma care equipment, on-call and response time minimum standards, quality assurance and improvement programs, and commitment level of the facility to providing trauma-related prevention, education, training, and research services to their respective communities.

Level I, II, and III trauma centers services will be reimbursed using an enhanced payment based on the trauma care fund established by the State of Washington in 1997 to improve the compensation to designated outpatient hospital trauma facilities for care to Medicaid trauma patients.