

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
Center for Medicaid & CHIP Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601



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**Financial Management Group/ Division of Reimbursement Review**

March 1, 2021

Susan Birch, Director  
MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010

**RE: Washington State Plan Amendment (SPA) Transmittal Number 20-0037**

Dear Ms. Birch and Ms. Lindeblad:

We have reviewed the proposed Washington state plan amendment (SPA) to attachment 4.19-B of your state plan, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on December 1, 2020. This plan amendment increased the rates paid in state fiscal year 2021 to low-volume, small rural hospitals that meet certain criteria. Payments will be increased to one hundred fifty percent (150%) of the hospital's fee-for-service rate for state and Federal medical assistance programs for services provided by qualifying hospitals.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 2, 2020. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact DRR analyst James Moreth at [James.Moreth@cms.hhs.gov](mailto:James.Moreth@cms.hhs.gov) or (206) 615-2043.

Sincerely,

*Todd McMillion*

Todd McMillion  
Director

Enclosures

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

1. TRANSMITTAL NUMBER:  
**20-0037**

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  
October 2, 2020

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:  
1902(a) of the Social Security Act

7. FEDERAL BUDGET IMPACT:  
a. FFY 2020 \$0  
b. FFY 2021 \$524,250

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-B page 16-2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT *(If Applicable)*:  
Attachment 4.19-B page 16-2

10. SUBJECT OF AMENDMENT:

Small Rural Outpatient Hospital Rates

11. GOVERNOR'S REVIEW *(Check One)*:

GOVERNOR'S OFFICE REPORTED NO COMMENT                       OTHER, AS SPECIFIED: Exempt  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*MaryAnne Lindeblad*

13. TYPED NAME:

MaryAnne Lindeblad

14. TITLE:

Director

15. DATE SUBMITTED:

12-1-2020

16. RETURN TO:

Ann Myers  
Rules and Publications  
Division of Legal Services  
Health Care Authority  
626 8<sup>th</sup> Ave SE MS: 42716  
Olympia, WA 98504-2716

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

12/2/2020

18. DATE APPROVED:

3/1/2021

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/2/2020

20. SIGNATURE OF REGIONAL OFFICIAL:

*Todd McMillion*

21. TYPED NAME:

Todd McMillion

22. TITLE:

FMG/DRR Director

23. REMARKS:

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

## VIII. Institutional Services (cont)

## A. Outpatient hospital services (cont)

**Rate enhancement for Sole Community Hospitals**

Effective January 1, 2015, through June 30, 2018, the agency multiplies an in-state hospital's specific EAPG conversion factor by 1.25 if the hospital meets all of the following criteria.

To qualify for the rate enhancement, the hospital must:

- Be certified by CMS as a sole community hospital as of January 1, 2013
- Have a level III adult trauma service designation from the Washington State Department of Health as of January 1, 2014
- Have less than one hundred fifty acute care licensed beds in fiscal year 2011
- Be owned and operated by the state or a political subdivision

Effective July 1, 2018, through June 30, 2021, the agency multiplies an in-state hospital's specific EAPG conversion factor by 1.50 if the hospital meets all of the above criteria for sole community hospitals.

Effective July 1, 2021, the agency will revert to multiplying an in-state hospital's specific EAPG conversion factor by 1.25.

**Rate enhancement for low volume, small rural hospitals**

Effective October 2, 2020, through June 30, 2021, the agency multiplies an in-state hospital's specific EAPG conversion factor by 1.50 if the hospital meets all of the following criteria:

- (a) Has less than seventy (70) -available acute care beds, as reported in the hospitals 2018 DOH year-end report;
- (b) Is not currently designated as a critical access hospital;
- (c) Does not meet the current federal eligibility requirements for designation as a critical access hospital;
- (d) Is not participating in the certified public expenditure full cost reimbursement program; and
- (e) Has combined Medicare and Medicaid inpatient days greater than eighty (80) percent of total days as reported in the hospital's 2018 cost report.

Effective July 1, 2021, the agency will revert to the payment level and methodology for low volume, small rural hospitals' that was in place as of September 30, 2020.