

## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA) # WA 22-0025**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



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**Financial Management Group**

July 20, 2022

Dr. Charissa Fotinos, Acting Medicaid Director  
Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010

RE: Washington State Plan Amendment (SPA) 22-0025

Dear Ms. Fontinos:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 22-0025 effective for services on or after April 1, 2022. The purpose is to update the statutory reference authorizing a hospital opting out of the inpatient "Full Cost" Payment Program if the hospital meets the criteria for the inpatient rate enhancement. The reference to WAC 182-550-3830 is outdated and is being replaced with RCW 74.09.5225.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act. We hereby inform you that Medicaid State plan amendment 22-0025 is approved effective April 1, 2022. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

A handwritten signature in black ink that reads "Rory Howe". The signature is written in a cursive, flowing style.

Rory Howe  
Director

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER ____ _	2. STATE ____
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3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT XIX XXI
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TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
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5. FEDERAL STATUTE/REGULATION CITATION
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6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
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8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
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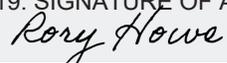
9. SUBJECT OF AMENDMENT
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10. GOVERNOR'S REVIEW (Check One)
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input type="checkbox"/> OTHER, AS SPECIFIED: Exempt

11. SIGNATURE OF STATE AGENCY OFFICIAL  Jason McGill for
12. TYPED NAME
13. TITLE
14. DATE SUBMITTED

15. RETURN TO
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<b>FOR CMS USE ONLY</b>	
16. DATE RECEIVED	17. DATE APPROVED

<b>PLAN APPROVED - ONE COPY ATTACHED</b>	
18. EFFECTIVE DATE OF APPROVED MATERIAL	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL	21. TITLE OF APPROVING OFFICIAL

22. REMARKS
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## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON**METHODS AND STANDARDS FOR ESTABLISHING  
PAYMENT RATES FOR INPATIENT HOSPITAL SERVICES (cont.)**

## A. INTRODUCTION (cont.)

Other payment methods used include fixed per diem, cost settlement, per case rate (effective August 1, 2017, through September 30, 2018, only, for Medicaid agency-approved bariatric surgery), disproportionate share hospital (DSH), and proportionate share hospital. All are prospective payment methods except the cost settlement payment method used to reimburse critical access hospitals. The DRG, full cost, per diem, and RCC payment methods are augmented by trauma care payment methods at state-approved trauma centers. The trauma care enhancement provides reimbursement to Level I, II, and III trauma centers through lump-sum supplemental payments made quarterly.

A fixed per diem payment method is used in conjunction with the LTAC program. A cost settlement payment method is used to reimburse hospitals participating in the state's Title XIX Critical Access Hospital (CAH) program.

Effective for admissions on and after July 1, 2005, participating public hospitals located in the State of Washington that are not Agency-approved and DOH-certified as CAH, are paid using the "full cost" payment method for inpatient covered services as determined through the Medicare Cost Report, using the Agency's Medicaid RCC to determine cost. Each public hospital district, for its respective non-CAH participating public hospital district hospital(s), the Harborview Medical Center, and the University of Washington Medical Center, provide certified public expenditures which represent the costs of the patients' medically necessary care.

A hospital may opt-out of the inpatient "Full Cost" Payment Program if the hospital meets the criteria for the inpatient rate enhancement under RCW 74.09.5225 or is not eligible for public hospital disproportionate share hospital (PHDSH) payments under WAC 182-550-5400. To opt-out, the hospital must submit a written request to opt-out to the agency's Chief Financial Officer by July 1<sup>st</sup> in order to be effective for January 1<sup>st</sup> of the following year.

Hospitals and services exempt from the DRG payment methods are reimbursed under the per diem, per case rate, (effective August 1, 2017, through September 30, 2018, only); RCC, "full cost", cost settlement, or fixed per diem payment method for dates of admission on or after August 1, 2007. For dates of admission before August 1, 2007, reimbursement is under, RCC, "full cost" methods, and a base community psychiatric hospitalization payment rate used to determine the allowable for certain psychiatric claims.