



# PROPOSED RULE MAKING

**CR-102 (July 2022)**  
**(Implements RCW 34.05.320)**  
Do **NOT** use for expedited rule making

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STATE OF WASHINGTON  
FILED

DATE: February 26, 2024

TIME: 3:30 PM

WSR 24-06-014

Agency: Health Care Authority

☒ Original Notice

☐ Supplemental Notice to WSR \_\_\_\_\_

☐ Continuance of WSR \_\_\_\_\_

☒ Preproposal Statement of Inquiry was filed as WSR 23-17-101 ; or

☐ Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or

☐ Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or

☐ Proposal is exempt under RCW \_\_\_\_\_.

Title of rule and other identifying information: (describe subject) WAC 182-550-2600, Inpatient psychiatric services

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
April 9, 2024	10:00 AM	The Health Care Authority holds public hearings virtually without a physical meeting place.	To attend the virtual public hearing, <a href="https://us02web.zoom.us/webinar/register/WN_2cVZ3hp9Tjm5l1WnaQYOmQ">you must register in advance:</a>  <a href="https://us02web.zoom.us/webinar/register/WN_2cVZ3hp9Tjm5l1WnaQYOmQ">https://us02web.zoom.us/webinar/register/WN_2cVZ3hp9Tjm5l1WnaQYOmQ</a>  If the link above opens with an error message, please try using a different browser. After registering, you will receive a confirmation email containing information about joining the public hearing.

Date of intended adoption: No sooner than April 10, 2024 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name: HCA Rules Coordinator

Address: PO Box 42716, Olympia WA 98504-2716

Email: [arc@hca.wa.gov](mailto:arc@hca.wa.gov)

Fax: 360-586-9727

Other:

By (date) April 9, 2024, by 11:59 PM

Assistance for persons with disabilities:

Contact Johanna Larson

Phone: 360-725-1349

Fax: 360-586-9727

TTY: Telecommunication Relay Services (TRS): 711

Email: [Johanna.larson@hca.wa.gov](mailto:Johanna.larson@hca.wa.gov)

Other:

By (date) March 29, 2024

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The agency is amending this section to replace outdated terms such as "Residential Support Network (RSN)" and "mental health designee," to delete references to the department of mental health, and to update language regarding authorization and certification for inpatient psychiatric care consistent with the current managed care and administrative services organization (ASO) structure. The agency is also making changes to align with RCW 74.09.520(13), which requires the agency to provide a hospital payment for Apple Health clients who meet the criteria for discharge from a hospital stay to certain facilities but who cannot be discharged because placement is unavailable. This revision provides for the payment of medically necessary ancillary services to be billed by and paid to the hospital separately.

**Reasons supporting proposal:** See Purpose

**Statutory authority for adoption:** RCW 41.05.021, 41.05.160

**Statute being implemented:** RCW 41.05.021, 41.05.160

<b>Is rule necessary because of a:</b>			
Federal Law?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, CITATION:			
<b>Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:</b> None			
<b>Type of proponent:</b> <input type="checkbox"/> Private <input type="checkbox"/> Public <input checked="" type="checkbox"/> Governmental			
<b>Name of proponent:</b> (person or organization) Health Care Authority			
<b>Name of agency personnel responsible for:</b>			
	Name	Office Location	Phone
Drafting:	Jason Crabbe	PO Box 42716, Olympia, WA 98504-2716	360-725-9563
Implementation:	Yvonne Keller	PO Box 42730, Olympia, WA 98504-2730	360-725-9993
Enforcement:	Yvonne Keller	PO Box 42730, Olympia, WA 98504-2730	360-725-9993
<b>Is a school district fiscal impact statement required under <a href="#">RCW 28A.305.135</a>?</b>			<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, insert statement here:			
<p>The public may obtain a copy of the school district fiscal impact statement by contacting:</p> <p>Name:</p> <p>Address:</p> <p>Phone:</p> <p>Fax:</p> <p>TTY:</p> <p>Email:</p> <p>Other:</p>			
<b>Is a cost-benefit analysis required under <a href="#">RCW 34.05.328</a>?</b>			
<input type="checkbox"/> Yes: A preliminary cost-benefit analysis may be obtained by contacting: Name: Address: Phone: Fax: TTY: Email: Other:			
<input checked="" type="checkbox"/> No: Please explain: RCW 34.05.328 does not apply to Health Care Authority rules unless requested by the Joint Administrative Rules Review Committee or applied voluntarily.			
<b>Regulatory Fairness Act and Small Business Economic Impact Statement</b>			
Note: The <a href="#">Governor's Office for Regulatory Innovation and Assistance (ORIA)</a> provides support in completing this part.			
<b>(1) Identification of exemptions:</b>			
This rule proposal, or portions of the proposal, <b>may be exempt</b> from requirements of the Regulatory Fairness Act (see <a href="#">chapter 19.85 RCW</a> ). For additional information on exemptions, consult the <a href="#">exemption guide published by ORIA</a> . Please check the box for any applicable exemption(s):			
<input type="checkbox"/> This rule proposal, or portions of the proposal, is exempt under <a href="#">RCW 19.85.061</a> because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted. Citation and description:			
<input type="checkbox"/> This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by <a href="#">RCW 34.05.313</a> before filing the notice of this proposed rule.			
<input type="checkbox"/> This rule proposal, or portions of the proposal, is exempt under the provisions of <a href="#">RCW 15.65.570(2)</a> because it was adopted by a referendum.			

- ☐ This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(3\)](#). Check all that apply:
- |   |  |
|---|--|
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(b)<br>(Internal government operations) | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(e)<br>(Dictated by statute)   |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(c)<br>(Incorporation by reference)     | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(f)<br>(Set or adjust fees)  |
| <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(d)<br>(Correct or clarify language)    | <input type="checkbox"/> <a href="#">RCW 34.05.310</a> (4)(g)<br>((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |
- ☒ This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(4\)](#) (does not affect small businesses).
- ☐ This rule proposal, or portions of the proposal, is exempt under RCW \_\_\_\_.
- Explanation of how the above exemption(s) applies to the proposed rule:

**(2) Scope of exemptions:** *Check one.*

- ☒ The rule proposal is fully exempt (*skip section 3*). Exemptions identified above apply to all portions of the rule proposal.
- ☐ The rule proposal is partially exempt (*complete section 3*). The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using [this template from ORIA](#)):
- ☐ The rule proposal is not exempt (*complete section 3*). No exemptions were identified above.

**(3) Small business economic impact statement:** *Complete this section if any portion is not exempt.*

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- ☐ No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs.
- ☐ Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:


Name:  
Address:  
Phone:  
Fax:  
TTY:  
Email:  
Other:

**Date:** February 26, 2024

**Name:** Wendy Barcus

**Title:** HCA Rules Coordinator

**Signature:**



**WAC 182-550-2600 Inpatient psychiatric services.** (1) The medic-aid agency(~~(, on behalf of the mental health division (MHD), regional support networks (RSNs) and prepaid inpatient health plans (PIHPs),)~~) or the agency's designee pays for covered inpatient psychiatric services for ~~((a voluntary or involuntary inpatient psychiatric admission of an))~~ eligible Washington apple health ~~((client, subject to the limitation and restrictions in this section and other published rules))~~ clients.

(2) The ~~((following))~~ definitions ~~((and abbreviations and those))~~ found in chapter 182-500 WAC and WAC 182-550-1050 apply to this section ~~((where there is any discrepancy, this section prevails):~~

~~(a) "Authorization number" refers to a number that is required on a claim in order for a provider to be paid for providing psychiatric inpatient services to a Washington apple health client. An authorization number:~~

~~(i) Is assigned when the certification process and prior authorization process has occurred;~~

~~(ii) Identifies a specific request for the provision of psychiatric inpatient services to a Washington apple health client;~~

~~(iii) Verifies when prior or retrospective authorization has occurred;~~

~~(iv) Will not be rescinded once assigned; and~~

~~(v) Does not guarantee payment.~~

~~(b) "Certification" means a clinical determination by an MHD designee that a client's need for a voluntary or involuntary inpatient psychiatric admission, length of stay extension, or transfer has been reviewed and, based on the information provided, meets the requirements for medical necessity for inpatient psychiatric care. The certification process occurs concurrently with the prior authorization process.~~

~~(c) "IMD" See "institution for mental diseases."~~

~~(d) "Institution for mental diseases (IMD)" means a hospital, nursing facility, or other institution of more than sixteen beds that is primarily engaged in providing diagnosis, treatment, or care of people with mental diseases, including medical attention, nursing care, and related services. The MHD designates whether a facility meets the definition for an IMD.~~

~~(e) "Involuntary admission" refer to chapters 71.05 and 71.34 RCW.~~

~~(f) "Mental health division (MHD)" is the unit within the department of social and health services (DSHS) authorized to contract for and monitor delivery of mental health programs. MHD is also known as the state mental health authority.~~

~~(g) "Mental health division designee" or "MHD designee" means a professional contact person authorized by MHD, who operates under the direction of a regional support network (RSN) or a prepaid inpatient health plan (PIHP).~~

~~(h) "PIHP" see "prepaid inpatient health plan."~~

~~(i) "Prepaid inpatient health plan (PIHP)" see WAC 388-865-0300.~~

~~(j) "Prior authorization" means an administrative process by which hospital providers must obtain an MHD designee's for a client's inpatient psychiatric admission, length of stay extension, or trans-~~

fer. The prior authorization process occurs concurrently with the certification process.

(k) "Regional support network (RSN)" see WAC 388-865-0200.

(l) "Retrospective authorization" means a process by which hospital providers and hospital unit providers must obtain an MHD designee's certification after services have been initiated for a Washington apple health client. Retrospective authorization can be before discharge or after discharge. This process is allowed only when circumstances beyond the control of the hospital or hospital unit provider prevented a prior authorization request, or when the client has been determined to be eligible for Washington apple health after discharge.

(m) "RSN" see "regional support network."

(n) "Voluntary admission" refer to chapters 71.05 and 71.34 RCW.

(3) The following department of health (DOH)-licensed hospitals and hospital units are eligible to be paid for providing inpatient psychiatric services to eligible Washington apple health clients, subject to the limitations listed:

(a) Medicare-certified distinct part psychiatric units;

(b) State-designated pediatric psychiatric units;

(c) Hospitals that provide active psychiatric treatment outside of a medicare-certified or state-designated psychiatric unit, under the supervision of a physician according to WAC 246-322-170; and

(d) Free-standing psychiatric hospitals approved as an institution for mental diseases (IMD).

(4) An MHD designee has the authority to approve or deny a request for initial certification for a client's voluntary inpatient psychiatric admission and will respond to the hospital's or hospital unit's request for initial certification within two hours of the request. An MHD designee's certification and authorization, or a denial, will be provided within twelve hours of the request. Authorization must be requested before admission. If the hospital chooses to admit the client without prior authorization due to staff shortages, the request for an initial certification must be submitted the same calendar day (which begins at midnight) as the admission. In this case, the hospital assumes the risk for denial as the MHD designee may or may not authorize the care for that day.

(5) To be paid for a voluntary inpatient psychiatric admission:

(a) The hospital provider or hospital unit provider must meet the applicable general conditions of payment criteria in WAC 182-502-0100; and

(b) The voluntary inpatient psychiatric admission must meet the following:

(i) For a client eligible for Washington apple health, the admission to voluntary inpatient psychiatric care must:

(A) Be medically necessary as defined in WAC 182-500-0070;

(B) Be ordered by an agent of the hospital who has the clinical or administrative authority to approve an admission;

(C) Be prior authorized and meet certification and prior authorization requirements as defined in subsection (2) of this section. See subsection (8) of this section for a voluntary inpatient psychiatric admission that was not prior authorized and requires retrospective authorization by the client's MHD designee; and

(D) Be verified by receipt of a certification form dated and signed by an MHD designee (see subsection (2) of this section). The form must document at least the following:

(I) Ambulatory care resources available in the community do not meet the treatment needs of the client;

~~(II) Proper treatment of the client's psychiatric condition requires services on an inpatient basis under the direction of a physician (according to WAC 246-322-170);~~

~~(III) The inpatient services can reasonably be expected to improve the client's level of functioning or prevent further regression of functioning;~~

~~(IV) The client has been diagnosed as having an emotional or behavioral disorder, or both, as defined in the current edition of the Diagnostic and Statistical Manual of the American Psychiatric Association; and~~

~~(V) The client's principle diagnosis must be an MHD covered diagnosis.~~

~~(ii) For a client eligible for both medicare and a Washington apple health program, the agency pays secondary to medicare.~~

~~(iii) For a client eligible for both medicare and a Washington apple health program and who has not exhausted medicare lifetime benefits, the hospital provider or hospital unit provider must notify the MHD designee of the client's admission if the dual eligibility status is known. The admission:~~

~~(A) Does not require prior authorization by an MHD designee; and~~

~~(B) Must be under medicare standards.~~

~~(iv) For a client eligible for both medicare and a Washington apple health program who has exhausted medicare lifetime benefits, the admission must have prior authorization by an MHD designee.~~

~~(v) When a liable third party is identified (other than medicare) for a client eligible for a Washington apple health program, the hospital provider or hospital unit provider must obtain an MHD designee's authorization for the admission.~~

~~(6) To be paid for an involuntary inpatient psychiatric admission:~~

~~(a) The involuntary inpatient psychiatric admission must be under the admission criteria specified in chapters 71.05 and 71.34 RCW; and~~

~~(b) The hospital provider or hospital unit provider:~~

~~(i) Must be certified by the MHD under chapter 388-865 WAC;~~

~~(ii) Must meet the applicable general conditions of payment criteria in WAC 182-502-0100; and~~

~~(iii) When submitting a claim, must include a completed and signed copy of an Initial Certification Authorization form Admission to Inpatient Psychiatric Care form, or an Extension Certification Authorization for Continued Inpatient Psychiatric Care form.~~

~~(7) To be paid for providing continued inpatient psychiatric services to a Washington apple health client who has already been admitted, the hospital provider or hospital unit provider must request from an MHD designee within the time frames specified, certification and authorization as defined in subsection (2) of this section for any of the following circumstances:~~

~~(a) If the client converts from involuntary (legal) status to voluntary status, or from voluntary to involuntary (legal) status as described in chapter 71.05 or 71.34 RCW, the hospital provider or hospital unit provider must notify the MHD designee within twenty-four hours of the change. Changes in legal status may result in issuance of a new certification and authorization. Any previously authorized days under the previous legal status that are past the date of the change in legal status are not billable;~~

~~(b) If an application is made for determination of a patient's Washington apple health eligibility, the request for certification and~~



prior authorization must be submitted within twenty-four hours of the application;

(c) If there is a change in the client's principal ICD-10-CM diagnosis to an MHD covered diagnosis, the request for certification and prior authorization must be submitted within twenty-four hours of the change;

(d) If there is a request for a length of stay extension for the client, the request for certification and prior authorization must be submitted before the end of the initial authorized days of services (see subsections (11) and (12) of this section for payment methodology and payment limitations);

(e) If the client is to be transferred from one community hospital to another community hospital for continued inpatient psychiatric care, the request for certification and prior authorization must be submitted before the transfer; or

(f) If a client who has been authorized for inpatient care by the MHD designee has been discharged or left against medical advice prior to the expiration of previously authorized days, a hospital provider or hospital unit provider must notify the MHD designee within twenty-four hours of discharge. Any previously authorized days past the date the client was discharged or left the hospital are not billable.

(8) An MHD designee has the authority to approve or deny a request for retrospective certification for a client's voluntary inpatient psychiatric admission, length of stay extension, or transfer when the hospital provider or hospital unit provider did not notify the MHD designee within the notification time frames stated in this section. For a retrospective certification request before discharge, the MHD designee responds to the hospital or hospital unit within two hours of the request, and provides certification and authorization or a denial within twelve hours of the request. For retrospective certification requests after the discharge, the hospital or hospital unit must submit all the required clinical information to the MHD designee within thirty days of discharge. The MHD designee provides a response within thirty days of the receipt of the required clinical documentation. All retrospective certifications must meet the requirements in this section. An authorization or denial is based on the client's condition and the services provided at the time of admission and over the course of the hospital stay, until the date of notification or discharge, as applicable.

(9) To be paid for a psychiatric inpatient admission of an eligible Washington apple health client, the hospital provider or hospital unit provider must submit on the claim form the authorization (see subsection (2)(a) for definition of prior authorization and retrospective authorization).

(10) The agency uses the payment methods described in WAC 182-550-2650 through 182-550-5600, as appropriate, to pay a hospital and hospital unit for providing psychiatric services to Washington apple health clients, unless otherwise specified in this section.

(11) Covered days for a voluntary psychiatric admission are determined by an MHD designee utilizing MHD approved utilization review criteria.

(12) The number of initial days authorized for an involuntary psychiatric admission is limited to twenty days from date of detention. The hospital provider or hospital unit provider must submit the Extension Certification Authorization for Continued Inpatient Psychiatric Care form twenty-four hours before the expiration of the previously authorized days. Extension requests may not be denied for a per-

~~son detained under ITA unless a less restrictive alternative is identified by the MHD designee and approved by the court. Extension requests may not be denied for youths detained under ITA who have been referred to the children's long-term inpatient program unless a less restrictive alternative is identified by the MHD designee and approved by the court.~~

~~(13) The))~~.

(3) To be paid for an inpatient psychiatric admission, the hospital provider or hospital unit provider must meet the requirements for payment including the applicable general conditions of payment criteria in WAC 182-502-0100.

(4) When billing the agency directly for Washington apple health clients not enrolled in an agency-contracted managed care organization (MCO) plan, hospitals may use the expedited prior authorization (EPA) process for inpatient psychiatric services that require authorization when the EPA criteria is met.

(a) To meet the EPA criteria, the inpatient admission must:

(i) Be medically necessary;

(ii) Have psychiatric needs as the focus of treatment and not have an acute medical condition;

(iii) Not have a less-restrictive placement available; and

(iv) Be approved or ordered by the professional in charge of the facility.

(b) If the EPA criteria is not met, a hospital may request prior authorization from the agency or the agency's designee.

(5) Authorization of elective, nonemergency, or emergency-related poststabilization services by an agency-contracted MCO plan are subject to federal rules, including 42 C.F.R. 438.114 and 438.210.

(6) When clients enrolled in an agency-contracted MCO plan are involuntarily detained or committed under chapter 71.05 or 71.34 RCW, the stay must be treated as either an emergency or poststabilization service, and authorization must follow the rules found in 42 C.F.R. 438.114.

(7) When a hospital or hospital unit bills the agency directly, the agency pays the administrative day rate and pays for pharmacy services ((and)), pharmaceuticals, and medically necessary ancillary services, as determined by the agency, for any authorized days that meet the administrative day definition in WAC 182-550-1050 when ((all the following conditions are met:

(a) The client's legal status is voluntary admission;

(b) The client's condition is no longer medically necessary;

(c) The client's condition no longer meets the intensity of service criteria;

(d)) less restrictive alternative treatments are not available, posing a barrier to the client's safe discharge((; and

(e) The hospital or hospital unit and the MHD designee mutually agree that the administrative day is appropriate.

(14) The hospital provider or hospital unit provider will use the MHD approved due process for conflict resolution regarding medical necessity determinations provided by the MHD designee.

(15) In order for an MHD designee to implement and participate in a Washington apple health client's plan of care, the hospital provider or hospital unit provider must provide any clinical and cost of care information to the MHD designee upon request. This requirement applies to all Washington apple health clients admitted for:

(a) Voluntary inpatient psychiatric services; and



~~(b) Involuntary inpatient psychiatric services, regardless of payment source.~~

~~(16) If the number of days billed exceeds the number of days authorized by the MHD designee for any claims paid, the agency will recover any unauthorized days paid)).~~

(8) The agency may review paid claims and recoup any improperly paid claims, including determining whether the client did not meet EPA criteria or other conditions of payment. See WAC 182-502-0230 and chapter 182-502A WAC.