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**State/Territory Name: Washington**

**State Plan Amendment (SPA) #: 15-0009**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Additional Companion Letter
- 3) CMS 179 Form/Summary Form (with 179-like data)
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Seattle Regional Office  
701 Fifth Avenue, Suite 1600, MS/RX-200  
Seattle, WA 98104



**Centers of Medicaid and CHIP Services**

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APR 28 2015

Dorothy Frost Teeter, Director  
MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
Post Office Box 45502  
Olympia, Washington 98504-5010

**RE: Washington State Plan Amendment (SPA) Transmittal Number 15-0009.**

Dear Ms. Teeter and Ms. Lindeblad:

The Centers for Medicare & Medicaid Services (CMS) Seattle Regional Office has completed its review of State Plan Amendment (SPA) Transmittal Number WA 15-0009. This SPA clarified the policy for Rural Health Clinics (RHC's) to request a rate adjustment for a change of scope of services.

This SPA is approved with an effective date of March 12, 2015.

If you have any additional questions or require any further assistance, please contact me, or have your staff contact James Moreth at (360) 943-0469 or [James.Moreth@cms.hhs.gov](mailto:James.Moreth@cms.hhs.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Frank A. Schneider", is written over a black rectangular redaction box.

Frank A. Schneider  
Acting Associate Regional Administrator  
Division of Medicaid and Children's Health  
Operations

cc:  
Ann Myers, SPA Coordinator

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Seattle Regional Office  
701 Fifth Avenue, Suite 1600, MS/RX-200  
Seattle, Washington 98104



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

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Dorothy Frost Teeter, Director  
MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
Post Office Box 45502  
Olympia, Washington 98504-5010

RE: Washington State Plan Amendment (SPA) Transmittal Number WA 15-0009.

Dear Ms. Teeter and Ms. Lindeblad:

This letter is being sent as a companion to the Centers for Medicare & Medicaid (CMS) approval of Washington State Plan Amendment (SPA) Transmittal Number 15-0009, which clarified reimbursement policy for Regional Health Clinics (RHC's) by requesting a rate adjustment necessitated by a change in scope of RHC's services. This amendment was submitted on February 4, 2015, with an effective date of March 12, 2015.

Regulations at 42 Code of Federal Regulations (CFR) 430.10 require that the State Plan be a comprehensive written statement describing the nature and scope of the State's Medicaid program. It should contain all information necessary for CMS to determine whether the Plan can be approved and whether the State program is eligible for Federal Financial Participation (FFP). The CMS' analysis of SPA 15-0009 identified that additional changes are needed in the Washington Medicaid State Plan related to the coverage and reimbursement of RHC benefits as specified below.

1. WA has a benefit limitation that only one RHC service can be reimbursed each day, with two exceptions. See page 30 of the RHC provider manual. However, the State Plan represents that RHC services are "unlimited" (see State Plan at Attachment 3.1-A item 2.b). The State Plan should acknowledge the state's service limitation. Please change Attachment 3.1-A, item 2.b from "no limitations" to "with limitations" and then describe the one-per-day limit in Attachment 3.1-A on the limitations pages starting on page 11.
2. The State Plan pages for RHC do not describe the "core providers" eligible to provide services through the RHC (e.g. physicians, nurse practitioners, clinical psychologists, etc.; see generally 42 CFR 405.2411) nor do the State Plan pages describe the additional provider types that Washington authorizes (e.g. naturopaths and various mental health

service providers) to provide services through RHCs. In addition to the absence of provider types, the State Plan also fails to identify minimum qualifications (e.g. education, experience, training, certification, registration, licensure and supervisory requirements) that an individual practitioner must have in order to deliver State Plan services. Please submit a new Attachment 3.1-A pages addressing RHC provider types and qualifications.


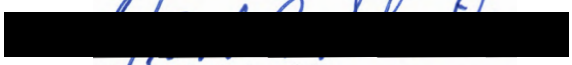
3. The State Plan pages for RHCs do not authorize the RHCs to provide “other ambulatory services” either by service listing or by cross-reference to other parts of the State Plan. See SSA section 1902(a)(2)(B). Please submit a new Attachment 3.1-A pages addressing “other ambulatory services” descriptions.

The State has 90 days from the date of this letter to respond to the issues described above. Within that period the State may submit a SPA to address the inconsistencies and/or submit a corrective action plan describing in detail how the State will resolve the issues identified above in a timely manner.

Failure to respond may result in the initiation of a formal compliance process. During the 90 days, CMS will provide technical assistance, as needed or required.

If you have questions concerning this letter, please contact me, or have your staff contact James Moreth at (360) 943-0469 or [James.Moreth@cms.hhs.gov](mailto:James.Moreth@cms.hhs.gov).

Sincerely,

Frank A. Schneider  
Acting Associate Regional Administrator  
Division of Medicaid and Children’s Health  
Operations

cc:  
Ann Myers

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

1. TRANSMITTAL NUMBER:  
~~14-0033~~ 15-0009 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 March 12, 2015 (P&I)  
~~January 1, 2015~~ ~~March 1, 2015 P&I~~

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(bb) of the Social Security Act

7. FEDERAL BUDGET IMPACT:  
a. FFY 2015 \$0  
b. FFY 2016 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Att. 4.19-B page 4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):  
Att. 4.19-B page 4

10. SUBJECT OF AMENDMENT:

RHC Change of Scope Provisions

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:

13. TYPED NAME:  
MARYANNE LINDEBLAD

14. TITLE:  
MEDICAID DIRECTOR

15. DATE SUBMITTED:  
2-4-15

16. RETURN TO:

Ann Myers  
Office of Rules and Publications  
Legal and Administrative 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: 2/4/15

18. DATE APPROVED: 4/28/15

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
March 12, 2015

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Frank A. Schneider

22. TITLE: Acting Associate Regional Administrator Division  
of Medicaid and Children's Health

23. REMARKS:

2.4.15: state authorizes P&I change to box 1 and 4.  
4/28/15: State authorizes P&I change to box 4

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

State WASHINGTON**POLICY AND METHODS USED IN ESTABLISHING PAYMENT RATES FOR EACH OF THE OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905 (A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN (cont.)**

## II. Clinic Services (cont.)

RHCs receiving their initial designation after January 1, 2001, are paid an average encounter rate of other clinics located in the same or adjacent area with a similar case load, on an interim basis until the clinic's first Medicare-audited cost report is available.

Once the audited report for the clinic's first year is available, the new clinic's encounter rate is set at 100 percent of its costs as defined in the cost report. The new RHC will receive this rate for the remainder of the calendar year during which the audited cost report became available, and will receive annual increases thereafter consistent with the payment methodology (PPS or APM) chosen by the clinic.

An adjustment will be made to a clinic's encounter rate if the clinic can show that it has experienced a valid change in scope of service.

An RHC may file a change in scope of services rate adjustment application only when:

- The cost to the RHC of providing covered healthcare services to eligible clients has increased or decreased due to change in the type, intensity (total quantity of labor and materials consumed by an individual client during an average encounter), duration (length of an average encounter), and/or amount of services; and
- The cost change equals or exceeds an increase of 1.75% in the rate per encounter over one year; a decrease of 2.5% in the rate per encounter over one year; or a cumulative increase or decrease of 5% in the rate per encounter as compared to the current year's cost per encounter; and
- The costs reported to the State to support the proposed change in scope rate adjustment are reasonable under OMB circular A-122 or its successor and other applicable state and federal law; and
- The service meets the definition of RHC service as defined in section 1905(a)(2)(B) of the Social Security Act; and
- The service is included as a covered Medicaid service as described in the State Plan.

An RHC may apply for a prospective or retrospective change in scope rate adjustment.

For prospective change in scope, an RHC submits projected costs sufficient to establish an interim rate. Once the clinic can demonstrate its true costs of providing the services, it must submit required documentation of the costs to the State. The State will perform a desk review of the costs to determine if the costs are reasonable and necessary, and adjust the interim rate by the final rate within 90 days of receiving complete information from the clinic. The final rate will take effect on the date the State issues the adjustment.

For retrospective change in scope, an RHC submits actual data of twelve months documenting the cost change caused by the qualifying event. A retrospective change in scope is a change that took place in the past and the RHC is seeking to adjust its rate based on that change. If approved, a retrospective rate adjustment takes effect on the date the RHC filed the application with the State. The State will notify the clinic of a decision within 90 days of receiving completed application.