

Table of Contents

State/Territory Name: Washington

State Plan Amendment (SPA) # WA 24-0015

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

May 23, 2024

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

RE: TN 24-0015

Dear Director Fotinos:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Washington state plan amendment (SPA) to Attachment 4.19-A WA 24-0015 which was submitted to CMS on March 26, 2024. This plan amendment updates the cost settlement process, small rural DSH pool amounts, and removes references to DSH programs that are no longer funded.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), and 1923 of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of February 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Tom Caughey at 517-487-8598 or via email at Tom.caughey@cms.hhs.gov.

Sincerely,

A handwritten signature in cursive script that reads "Rory Howe".

Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER _____	2. STATE _____
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT XIX XXI	
4. PROPOSED EFFECTIVE DATE	
6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY _____ \$ _____ b. FFY _____ \$ _____	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT 57	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) 57 (TN# 15-0015)

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. FEDERAL STATUTE/REGULATION CITATION

9. SUBJECT OF AMENDMENT

10. 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

11. SIGNATURE OF STATE AGENCY OFFICIAL
Chen Fong MD, MSc

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

15. RETURN TO

FOR CMS USE ONLY

16. DATE RECEIVED
March 26, 2024

17. DATE APPROVED
May 23, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
February 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL
Rory Howe

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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

H. DISPROPORTIONATE SHARE PAYMENTS (cont.)

The Agency will not exceed the DSH statewide allotment nor allow a hospital to exceed the DSH limit. The following clarification of the process explains precautionary procedures.

All the Agency DSH program payments are prospective payments, and these programs are: LIDSH, CHPDSH, MCSDSH, SRDSH, and PHDSH. DSH is available only to acute care hospitals with the exception of IMDDSH, which is distributed to the state-owned institutions for Mental Disease (IMD). The IMDDSH is appropriated separately to the Division of Behavioral Health and Recovery.

The following DSH programs are supplemental payments: PHDSH, LIDSH, and SRDSH. Two DSH programs are paid on a per claim basis: CHPDSH and MCSDSH. Institutions for Mental Disease are not eligible for any of these programs.

If an individual hospital has been overpaid by a specified amount, the Agency will recoup that overpayment amount from the hospital and redistribute it among the other eligible hospitals in the DSH program. The additional DSH payment to be given to each of the other hospitals from the recouped amount is proportional to each hospital's share of the particular DSH program.

If a hospital exceeds its DSH limit, the Agency will recoup the DSH payments in the following program order: PHDSH, SRDSH, MCSDSH, CHPDSH, and LIDSH. For example, if a small rural hospital were receiving payments from all applicable DSH programs, the overpayment adjustment would be made in SRDSH to the fullest extent possible before adjusting LIDSH payments. If the DSH state-wide allotment is exceeded, the Agency will similarly make appropriate proportionate adjustments in the program order shown above.

Beginning in state fiscal year 2011, to the extent that audit findings demonstrate that DSH payments made in that year exceed the documented hospital-specific cost limits, hospitals are required to return overpayments to the Agency for redistribution to qualifying hospitals as an integral part of the audit process. The additional DSH payment to be given to each of the other hospitals from the recouped amount is proportional to each hospital's share of the particular DSH program. Only the recouped payments are redistributed

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

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

H. DISPROPORTIONATE SHARE PAYMENTS (cont.)

2. Reserved

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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

H. DISPROPORTIONATE SHARE PAYMENTS (cont.)

4. Small Rural Disproportionate Share Hospital (SRDSH) Payment (cont.)

Each hospital's total DSH payments will not exceed its DSH limit. The hospital specific DSH payment limit is defined as the uncompensated cost of furnishing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no insurance or any other creditable third-party coverage, in accordance with federal regulations.

Dollars not allocated due to a hospital reaching the DSH limit are reallocated to the remaining hospitals in the SRDSH pool. The payments are made periodically. SRDSH payments are subject to federal regulation and payment limits.

Total funding to the SRDSH program equals the distribution amount mandated by legislature, plus available federal matching funds per state fiscal year.

5. Small Rural Indigent Assistance Disproportionate Share Hospital (SRIADSH) Payment

Effective July 1, 2007, hospitals will be considered eligible for a SRIADSH payment if:

- a. The hospital is an in-state (Washington) hospital;
- b. The hospital is a small, rural hospital, defined as a hospital with fewer than 75 acute beds and located in a city or town with a non-student population of no more than 17,806 in calendar year 2008, as determined by population data reported by the Washington State Office of Financial Management population of cities, towns, and counties used for the allocation of state revenues. This non-student population is used for SFY 2010, which begins July 1, 2009. For each subsequent SFY, the non-student population is increased by two percent;
- c. The hospital qualifies under Section 1923(d) of the Social Security Act;
- d. Effective July 1, 2007, the hospital provided services to charity patients during the calculation base year; and
- e. The hospital is not a Certified Public Expenditure (CPE) hospital.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

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

H. DISPROPORTIONATE SHARE PAYMENTS (cont.)

5. Reserved

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

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

H. DISPROPORTIONATE SHARE PAYMENTS (cont.)

6. Reserved

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

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

H. DISPROPORTIONATE SHARE HOSPITAL PAYMENTS (cont.)

7. Public Hospital Disproportionate Share Hospital (PHDSH) Payment

Effective July 1, 2005, hospitals will be considered eligible for a PHDSH payment if:

- a. The hospital is a public hospital in Washington State (includes the Harborview Medical Center, the University of Washington Medical Center, and public hospitals located in the State of Washington that are operated by public hospital districts);
- b. The hospital qualifies under section 1923 (d) of the Social Security Act; and
- c. The hospital participates in the "full cost" inpatient payment program through certified public expenditures

Harborview is a county-owned, state-operated hospital. The University of Washington Medical Center is a state-owned and operated hospital. Public hospital districts located in the State of Washington are organized and exist as a result of the Washington State Legislature's authorization of public hospital districts. Those public hospital districts are authorized to own and operate hospitals and other health care facilities and to provide hospital services and other health care services for the residents of such districts and other persons.

Hospitals that apply and are considered eligible under the above criteria will receive a disproportionate share payment for hospital services during the State's fiscal year that, in total, will not exceed 100 percent of cost as defined in Section 1923(g) of the Social Security Act, except as allowed by federal guidelines.

Payments in the program will be based on the amount of uncompensated care incurred by the hospital during the most recently reported fiscal year (usually two years prior) trended forward to the year of payment.

The PHDSH payment will be based on expenditures certified by the hospital in an amount as specified in the preceding paragraph.

8. Children's Health Program Disproportionate Share Hospital (CHPDSH) Payment

Effective July 1, 2011, hospitals will be considered eligible for a CHPDSH payment if:

- a. The hospital is an in-state (Washington) or border area hospital;
- b. The hospital provides services to low-income, Children's Health Program patients who, because of their citizenship status, are not eligible for Medicaid health coverage and who are encountering a medical condition; and
- c. The hospital qualifies under Section 1923 (d) of the Social Security Act.