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**State/Territory Name: Washington**

**State Plan Amendment (SPA) #: 15-0016**

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**

**SEP 16 2015**

MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
Post Office Box 42716  
Olympia, Washington 98504-2716

**RE: WA State Plan Amendment (SPA) Transmittal Number #15-0016 – Approval**

Dear Ms. Lindeblad:

We have reviewed the proposed amendment to Attachments 4.19-A and 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 15-0016. This SPA adds the state's policy of not paying for elective deliveries that are less than 39 weeks of gestation unless they are medically necessary.

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 and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 15-0015 is approved effective as of October 1, 2015. For your files, we are enclosing the HCFA-179 transmittal form and the amended plan page.

If you have any questions concerning this state plan amendment, please contact Tom Couch, CMS' RO NIRT Representative at 208-861-9838 or [Thomas.Couch@cms.hhs.gov](mailto:Thomas.Couch@cms.hhs.gov).

Sincerely,

A black rectangular box redacting the signature of Timothy Hill.

Timothy Hill  
Director

Enclosures

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

1. TRANSMITTAL NUMBER:  
**15-0016**

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  
Oct. 1, 2015

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:

7. FEDERAL BUDGET IMPACT:

a. FFY 2016 \$0

b. FFY 2017 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-A Part 1 page 12

Att. 4.19-B page 7a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)

Att. 4.19-A Part 1 page 12

Att. 4.19-B page 7a

10. SUBJECT OF AMENDMENT

Elective Deliveries Less Than 39 Weeks

11. 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

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:  
MARYANNE LINDEBLAD

14. TITLE:  
MEDICAID DIRECTOR

15. DATE SUBMITTED:

8-5-15

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:

8/05/15

18. DATE APPROVED:

SEP 16 2015

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
OCT 01 2015

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:  
Kristin FAN

22. TITLE:  
Deputy Director, FMC

23. REMARKS:

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

State WASHINGTON

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C. GENERAL REIMBURSEMENT POLICIES

The following section describes general policies governing the reimbursement system. Payment will only be made to the provider for covered services for that portion of a patient admission during which the client is Medicaid eligible. Unless otherwise specified, the agency uses Medicare cost report data from the Healthcare Cost Report Information System (HCRIS), CMS form 2552-10, or successor federal cost reporting forms or data sources to determine the cost of providing hospital services. The cost report data used for rate setting must include the hospital fiscal year (HFY) data for a complete 12-month period for the hospital. Otherwise, the in-state average RCC is used.

Effective dates of admission on and after January 1, 2010, the State does not pay for adverse events which became termed as Other Provider-Preventable Conditions (OPPCs) effective July 1, 2011. Some Health Care-Acquired Conditions (HCACs) can become an OPPC if the patient dies or is seriously disabled, or level of severity is great, such as the patient develops level three or level four pressure ulcers.

Effective for dates of admission on and after January 1, 2016, the state does not pay for an early elective delivery unless it is medically necessary. An early elective delivery is any non-medically necessary induction or cesarean section before 39 weeks of gestation. 39 weeks of gestation is greater than 38 weeks and 6 days.

If the State reduces or recoups the payment, the client cannot be held liable for payment.

## 1. DRG Payments

Except where otherwise specified (DRG-exempt hospitals, DRG-exempt services and special agreements), payments to hospitals for inpatient services are made on a DRG payment basis. The basic payment is established by multiplying the assigned DRG's relative weight for that admission by the hospital's rate as determined under the method described in Section D.

For claims with dates of admission on and after January 1, 2010, the State does not make additional payments for services on inpatient hospital claims that are attributable to Health Care Acquired Conditions (HCAC) and are coded with Present on Admission Indicator codes "N" or "U". For HAC claims which fall under the DRG payment basis, the State does not make additional payments for complications and comorbidities (CC) and major complications and comorbidities (MCC).

Any client responsibility (spend-down) and third party liability, as identified on the billing invoice or otherwise by the State, is deducted from the allowed amount (basic payment) to determine the actual payment for that admission.

## 2. DRG Relative Weights

For dates of admission prior to July 1, 2014, the reimbursement system uses Washington State Medicaid-specific DRG relative weights.

For dates of admission before August 1, 2007, to the extent possible, the weights are based on Medicaid claims for hospital fiscal years (HFYs) 1997 and 1998, spanning the period February 1, 1997 through December 31, 1998, and on Version 14.1 of the Health Information Systems (HIS) DRG All Patient Grouper software.

The relative weight calculations are based on Washington Medicaid claims and Washington State Department of Health's (CHARS) claims representative of Healthy Options managed care. Each DRG is statistically tested to assure that there is an adequate sample size to ensure that relative weights meet acceptable reliability and validity standards.

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

State WASHINGTON

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**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.)****III. Physicians Services (continued)****F. Critical Care**

1. More than one physician may be reimbursed if the services are distinctly separate services (i.e., involve multiple organ systems (unrelated diagnosis)).
2. In the emergency room, only one physician is reimbursed.
3. For inpatient critical care, only the attending physician(s) who assume(s) responsibility for care of the client during a life threatening episode is/are reimbursed.
4. The agency's rates were set as of January 1, 2015, and are effective for services on or after that date. All rates are published on the agency's website at <http://www.hca.wa.gov/medicaid/rbrvs/Pages/index.aspx>
5. Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of critical care services.

**G. Early Elective Deliveries**

1. An early elective delivery is any non-medically necessary induction or cesarean section before 39 weeks of gestation. 39 weeks of gestation is greater than 38 weeks and 6 days.
2. Effective for dates of admission on and after January 1, 2016, the state does not pay for an early elective delivery unless it is medically necessary.