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State/Territory Name: Washington

State Plan Amendment (SPA) #: 15-0024

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



Financial Management Group

SEP 29 2015

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

RE: WA State Plan Amendment (SPA) Transmittal Number #15-0024 – Approval

Dear Ms. Lindeblad:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 15-0024. This SPA delays the rebasing of nursing facility rates, and updates the swing bed rate for SFY 2016 and the nursing facility rates for SFYs 2016 and 2017.

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 15-0024 is approved effective as of July 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.

Sincerely,

A solid black rectangular box used to redact the signature of Timothy Hill.

Timothy Hill
Director

A handwritten signature in black ink, appearing to be 'TH', located to the right of the printed name 'Timothy Hill'.

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 15-0024	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 July 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: 1902(a) of the Social Security Act P&I		7. FEDERAL BUDGET IMPACT: a. FFY 2015 \$412,162 b. FFY 2016 \$1,241,015	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Part 1, pages 1, 2, 3, 4 P&I 16a P&I		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-D, Part 1, pages 1, 2 , 3, 4 P&I 2 P&I 16a P&I	
10. SUBJECT OF AMENDMENT Nursing Facilities			
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: [Redacted]		16. RETURN TO: Ann Myers Office of Rules and Publications Legal and Administrative Services Health Care Authority 626 8 th Ave SE MS: 42716 Olympia, WA 98504-2716	
13. TYPED NAME: MARYANNE LINDEBLAD		14. TITLE: MEDICAID DIRECTOR	
15. DATE SUBMITTED: 7-28-15		17. DATE RECEIVED: 7/28/15	
FOR REGIONAL OFFICE USE ONLY			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2015		18. DATE APPROVED: SEP 29 2015	
21. TYPED NAME: Kristin Fan		20. SIGNATURE OF REGIONAL OFFICIAL: [Redacted]	
23. REMARKS: 7/29/15: State authorizes P&I changes to box 8 and box 9. 8/3/15: State authorized P&I changes to box 8 and box 9. 9/28/15: State authorizes P&I change to box 6 and box 9.		22. TITLE: Deputy Director, FMG	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

NURSING FACILITIES AND SWING BED HOSPITALS

Section I. Introduction:

This State Plan Amendment (SPA) to Attachment 4.19-D, Part I, describes the overall payment methodology for nursing facility services provided to Medicaid recipients: (1) by privately-operated nursing facilities, both non-profit and for-profit; (2) by nursing facilities serving veterans of military service operated by the State of Washington Department of Veterans Affairs; and (3) by nursing facilities operated by public hospital districts in the state. Both privately operated and veterans' nursing facilities share the same methodology. Facilities operated by public hospital districts share the methodology described below also, except for proportionate share payments described in Section XVII below, which apply only to them.

Excluded here is the payment rate methodology for nursing facilities operated by the State's Division of Developmental Disabilities, which is described in Attachment 4.19-D, Part II.

Chapter 388-96 of the Washington Administrative Code (WAC), chapter 74.46, chapter 34.05, and chapter 70.38 of the Revised Code of Washington (RCW), and any other state or federal laws or regulations, codified or uncoded, as they exist as of July 1, 2015, as may be applicable, are incorporated by reference in Attachment 4.19-D, Part I, as if fully set forth.

The methods and standards used to set payment rates are specified in Part I in a comprehensive manner only. For a more detailed account of the methodology for setting nursing facility payment rates for the three indicated classes of facilities, consult chapter 388-96 WAC and 74.46 RCW.

The methods and standards employed by the State to set rates comply with 42 CFR 447, Subpart C, as superseded by federal legislative changes in the Balanced Budget Act of 1997.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

Section II. General Provisions:

Medicaid rates for nursing facility care in Washington continue to be facility specific. Prior to rate setting, nursing facilities' costs and other reported data, such as resident days, are examined, to ensure accuracy and to determine costs allowable for rate setting. Washington continues to be a state utilizing facility-specific cost data, subject to applicable limits, combined with facility-specific and regularly updated resident case mix data, to set rates.

A facility's Medicaid rate continues to represent a total of six component rates: 1) direct care (DC), 2) therapy care (TC), 3) support services (SS), 4) operations (O), 5) property (P), and 6) financing allowance (FA).

Medicaid rates are subject to a "budget dial", under which the State is required to reduce rates for all participating nursing facilities statewide by a uniform percentage, after notice and on a prospective basis only, if the statewide average facility total rate, weighted by Medicaid resident days, approaches an overall limit for a particular state fiscal year. Under RCW 74.46.421, the statewide average payment rate for any state fiscal year (SFY) weighted by patient days shall not exceed the statewide weighted average nursing facility payment rate identified for that SFY in the biennial appropriations act (budgeted rate). After the State determines all nursing facility payment rates in accordance with chapter 74.46 RCW and chapter 388-96 WAC, it determines whether the weighted average nursing facility payment rate is equal to or likely to exceed the budgeted rate for the applicable SFY. If the weighted average nursing facility payment rate is equal to or likely to exceed the budgeted rate, then the State adjusts all nursing facility payment rates proportional to the amount by which the weighted average rate allocations would exceed the budgeted rate. Adjustments for the current SFY are made prospectively, not retrospectively and applied proportionately to each nursing facility's component rate allocation. The application of RCW 74.46.421 is termed applying the "budget dial". The budget dial supersedes all rate setting principles in chapters 74.46 RCW and 388-96 WAC.

For SFY 2016 (July 1, 2015 through June 30, 2016), the budget dial rate is \$178.87. For SFY 2017 (July 1, 2016 through June 30, 2017), the budget dial rate is \$191.87.

If any final order or final judgment, including a final order or final judgment resulting from an adjudicative proceeding or judicial review permitted by chapter 34.05 RCW would result in an increase to a nursing facility's payment rate for a prior fiscal year or years, the State shall consider whether the increased rate for that facility would result in the statewide weighted average payment rate for all facilities for such fiscal year or years to be exceeded. If the increased rate would result in the statewide average payment rate for such year or years being exceeded, the State shall increase that nursing facility's payment rate to meet the final order or judgment only to the extent that it does not result in an increase to the statewide average payment rate for all facilities.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

NURSING FACILITIES AND SWING BED HOSPITALS (cont.)

Section II. General Provisions (cont):

For the direct care, operations, support services, and therapy care components, adjusted cost report data for calendar year 2007 will be used for rate setting for July 1, 2009 through June 30, 2017.

In contrast, property and financing allowance components continue to be rebased annually, utilizing each facility's cost report data for the calendar year ending six months prior to the commencement of the July 1 component rates.

Beginning July 1, 2017, the direct care, operations, support services, and therapy care component rate allocations shall be rebased biennially during every even-numbered year thereafter using adjusted cost report data from two years prior to the rebase period, so adjusted cost report data for calendar year 2015 will be used for July 1, 2017 through June 30, 2019, and so forth.

For rates effective July 1, 2015, the State will do a comparative analysis of the facility-based payment rates calculated using the payment methodology defined in chapter 74.46 RCW as it exists on that date, and comparing it to the facility-based payment rates in effect on June 30, 2010. If the former is smaller than the latter, the difference will be provided to the individual nursing facility as an add-on payment per Medicaid resident day. When calculating the rates paid under chapter 74.46 RCW in performing this comparative analysis, the State will not include the original low wage worker add-on; the supplemental low wage worker add-on, the direct care add-on, the support services add-on, and the therapy care add-on for SFY 2016; the comparative add-on itself; the acuity add-on described in the next paragraph below; or the safety net assessment reimbursement.

During the comparative analysis described in the preceding paragraph, if it is found that the direct care rate for any facility calculated on July 1, 2015, is greater than the direct care rate in effect on June 30, 2010, the facility will receive a 10% add-on to the direct care rate to compensate the facility for taking on more acute residents than they have in the past. When calculating the rates paid under chapter 74.46 RCW in performing this comparison of direct care rates, the State will not include the original low wage worker add-on; the supplemental low wage worker add-on, the direct care add-on, the support services add-on, and the therapy care add-on for SFY 2016; the comparative add-on described in the next paragraph above, the acuity add-on itself, or the safety net assessment reimbursement. With the exception of the comparative analysis, any add-ons described in this paragraph are subject to settlement.

Section III. Minimum Occupancy for Rate Setting and Fluctuations in Licensed Beds:

All component rates calculated and assigned to a facility require, directly or indirectly, use of the examined number of resident days at that facility for the applicable report period. Essentially, days are divided into allowable costs for that period, to obtain facility costs expressed as per resident day amounts.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

NURSING FACILITIES AND SWING BED HOSPITALS (cont.)

Section XV. Rates for Swing Bed Hospitals (cont)

The average for July 2008 was \$158.10 per resident day, which comprises the swing bed rate for the July 1, 2008 to June 30, 2009 rate period. The same methodology is followed annually to reset the swing bed rate, effective July 1 of each year. Effective July 1 of each year, the State follows the same methodology to reset the swing bed rate. The swing bed rate is subject to the operation of RCW 74.46.421.

The swing bed rate for SFY 2016 (July 1, 2015 through June 30, 2016) is \$183.76.

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