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State/Territory Name: Washington

State Plan Amendment (SPA) #: 17-0045

This file contains the following documents in the order listed:

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

OS Notification

State/Title/Plan Number: Washington 17-0045

Type of Action: Approval

Effective Date of SPA: November 2, 2017

Required Date for State Notification: March 4, 2018 (90th-day first clock)

Fiscal Impact: FY 2018 – \$0 FFP FY 2019 – \$0 FFP

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: None

Number of Potential Newly Eligible People: None

or

Eligibility Simplification: No

Provider Payment Increase or Decrease: Neither

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: None

Reduces Benefits: No

Detail: This SPA corrects an error in previously-approved SPA 14-0016 (technical correction). In that SPA, the high outlier adjustment factors were incorrectly listed. Groups 1 and 2 (general I/P services) were listed as .95, and groups 3 and 4 (I/P pediatric and burn services) were listed as .80. In reality, these factors should have been listed in reverse (.80 for general services and .95 for the pediatric and burn services).

Other Considerations: This SPA was vetted by the NIRT through E-mail correspondence on January 11-12, 2018.

Section 5006(e) Tribal Consultation: The state complied with their approved consultation protocol by release of a notice to interested tribal parties and representatives on November 2, 2017. No responses were received related to the consultation.

Regional Office: Tom Couch - RO NIRT - (208) 861-9838

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

JAN 23 2018

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

RE: WA State Plan Amendment (SPA) Transmittal Number #17-0045 – Approval

Dear Ms. Lindeblad:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 17-0045. This SPA corrects an error contained in previously-approved SPA 14-0016 related to the high outlier adjustment factors.

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 17-0045 is approved effective as of November 2, 2017. 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 black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

Enclosures

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
17-0040 17-0045 (P&I)

2. STATE
Washington

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
November 2, 2017

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:
Section 1905(a) of the Social Security Act

7. FEDERAL BUDGET IMPACT:

a. FFY 2018 \$0

b. FFY 2019 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Part 1 page 14

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

Attachment 4.19-A Part 1 page 14

10. SUBJECT OF AMENDMENT

Severity of Illness Percentage Correction

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:
12-29-17

16. RETURN TO:

Ann Myers
Office of Rules and Publications
Legal and Administrative Services
Health Care Authority
626 8th Ave SE MS: 42716
Olympia, WA 98504-2716

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
12/29/17

18. DATE APPROVED:
JAN 23 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
NOV 02 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Kristen FAN

22. TITLE:
Director, FHC

23. 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.)****C. GENERAL REIMBURSEMENT POLICIES (cont.)****3. High Outlier Payments (cont)**

2012, the outlier threshold factor is 1.50 for pediatric services and pediatric hospitals, and 1.75 for all other services. For dates of admission on or after August 1, 2012, the outlier threshold factor is 1.429 for pediatric services and pediatric hospitals, and 1.667 for all other services. For dates of admission on or after July 1, 2013, the outlier threshold factor is 1.563 for pediatric services and pediatric hospitals, and 1.823 for all other services.

- a) **Outlier Adjustment Factor.** The costs that exceed the outlier threshold are multiplied by a date specific factor to determine the outlier payment. This factor is referred to as the outlier adjustment factor. For dates of admission August 1, 2007 through July 31, 2012, the outlier adjustment factor is 0.95 for pediatric services and pediatric hospitals, 0.90 for burn DRGs, and 0.85 for all other services. For dates of admission on or after August 1, 2012, the outlier adjustment factor is 0.998 for pediatric services and pediatric hospitals, 0.945 for burn DRGs, and 0.893 for all other services. For dates of admission on or after July 1, 2013, the outlier adjustment factor is 0.912 for pediatric services and pediatric hospitals, 0.864 for burn DRGs, and 0.816 for all other services.

For dates of admission on or after July 1, 2014, the Agency allows a high outlier payment for claims that meet high outlier qualifying criteria. To qualify, the claims' estimated cost must be in excess of the DRG inlier + \$40,000.

Only DRG claims qualify for outlier payments. If a claim qualifies, the outlier payment is the costs in excess of the outlier threshold factor multiplied by an outlier adjustment factor. Total payment is outlier plus inlier. (The inlier is the hospital's specific DRG rate multiplied by the relative weight).

- a) **Estimated Cost.** The cost of a claim is estimated by multiplying the hospital's Ratio of Cost to Charges (RCC) by the billed charges.
- b) **Outlier Threshold Factor.** The inlier is multiplied by a date specific factor to determine the threshold that must be met in order to qualify for an outlier payment. This factor is referred to as the outlier threshold factor. For dates of admission on or after July 1, 2014, the factor is \$40,000.
- c) **Outlier Adjustment Factor.** The costs that exceed the outlier threshold are multiplied by a date specific factor to determine the outlier payment. This factor is referred to as the outlier adjustment factor. The outlier adjustment factor is 0.80 for claims grouping to severity of illness (SOI) 1 and 2 and 0.95 for SOI 3 and 4.