



May 20, 2026

Ms. Trinity Wilson, Director
Washington State Healthcare Authority
State of Washington, Health Care Authority
626 8th Avenue PO Box 45502
Olympia, WA 98504-5050

Dear Trinity Wilson:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving Washington's submission of a proposal for a state directed payment (SDP) under Medicaid managed care plan contract(s). The proposal was received by CMS on April 7, 2026, and a final revised preprint was received on May 7, 2026. The proposal has a control name of WA_Fee_Oth_Amend_20260101-20261231.

CMS has completed our review of the following Medicaid managed care SDP(s):

- Uniform increase established by the state for publicly funded sexual and reproductive health family planning providers as designated by the Department of Health for the rating period covering January 1, 2026, through December 31, 2026, incorporated in the capitation rates through a risk-based rate adjustment up to \$2,100,000.

This letter satisfies the regulatory requirement in 42 CFR 438.6(c)(2) for SDPs described in 42 CFR 438.6(c)(1). This letter pertains only to the actions identified above and does not apply to other actions currently under CMS's review. This letter does not constitute approval of any specific Medicaid financing mechanism used to support the non-federal share of expenditures associated with these actions. All relevant federal laws and regulations apply. CMS reserves its authority to enforce requirements in the Social Security Act and the applicable implementing regulations.

The state is required to submit contract action(s) and related capitation rates that include all SDPs, including those that do not require written prior approval as specified in 42 CFR 438.6(c)(2)(i). Additionally, all SDPs must be addressed in the applicable rate certifications. CMS recommends that states share this letter and the preprint(s) with the certifying actuary. Documentation of all SDPs must be included in the initial rate certification as outlined in Section I, Item 4, Subsection D, of the [Medicaid Managed Care Rate Development Guide](#). The state and its actuary must ensure all documentation outlined in the Medicaid Managed Care Rate Development Guide is included in the initial rate certification. Failure to provide all required documentation in the rate certification will cause delays in CMS review.

Approval of this SDP proposal for the applicable rating period does not preclude CMS from requesting additional materials from the state, revision to the SDP proposal design, or any other modifications to the proposal for this rating period or future rating periods, if CMS determines that such modifications are required for the state to meet relevant federal requirements.

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If you have any questions concerning this letter, please contact
StateDirectedPayment@cms.hhs.gov.

Sincerely,

John Giles
Director, Managed Care Group
Center for Medicaid and CHIP Services

Section 438.6(c) Preprint

42 C.F.R. § 438.6(c) provides States with the flexibility to implement delivery system and provider payment initiatives under MCO, PIHP, or PAHP Medicaid managed care contracts (i.e., state directed payments). 42 C.F.R. § 438.6(c)(1) describes types of payment arrangements that States may use to direct expenditures under the managed care contract. Under 42 C.F.R. § 438.6(c)(2)(ii), contract arrangements that direct an MCO's, PIHP's, or PAHP's expenditures under paragraphs (c)(1)(i) through (c)(1)(ii) and (c)(1)(iii)(B) through (D) must have written approval from CMS prior to implementation and before approval of the corresponding managed care contract(s) and rate certification(s). This preprint implements the prior approval process and must be completed, submitted, and approved by CMS before implementing any of the specific payment arrangements described in 42 C.F.R. § 438.6(c)(1)(i) through (c)(1)(ii) and (c)(1)(iii)(B) through (D). Please note, per the 2020 Medicaid and CHIP final rule at 42 C.F.R. § 438.6(c)(1)(iii)(A), States no longer need to submit a preprint for prior approval to adopt minimum fee schedules using State plan approved rates as defined in 42 C.F.R. § 438.6(a).

Submit all state directed payment preprints for prior approval to:
StateDirectedPayment@cms.hhs.gov.

SECTION I: DATE AND TIMING INFORMATION

1. Identify the State's managed care contract rating period(s) for which this payment arrangement will apply (for example, July 1, 2020 through June 30, 2021):
January 1, 2026 - December 31, 2026
2. Identify the State's requested start date for this payment arrangement (for example, January 1, 2021). *Note, this should be the start of the contract rating period unless this payment arrangement will begin during the rating period.* January 1, 2026
3. Identify the managed care program(s) to which this payment arrangement will apply:
Apple Health Integrated Managed Care (inclusive of IMC-AHE), AH Integrated Foster Care
4. Identify the estimated **total dollar amount** (federal and non-federal dollars) of this state directed payment: 2,100,000
 - a. Identify the estimated federal share of this state directed payment: 1,592,000
 - b. Identify the estimated non-federal share of this state directed payment: 508,000

Please note, the estimated total dollar amount and the estimated federal share should be described for the rating period in Question 1. If the State is seeking a multi-year approval (which is only an option for VBP/DSR payment arrangements (42 C.F.R. § 438.6(c)(1)(i)-(ii))), States should provide the estimates per rating period. For amendments, states should include the change from the total and federal share estimated in the previously approved preprint.

5. Is this the initial submission the State is seeking approval under 42 C.F.R. § 438.6(c) for this state directed payment arrangement? Yes No

6. If this is not the initial submission for this state directed payment, please indicate if:
- a. The State is seeking approval of an amendment to an already approved state directed payment.
 - b. The State is seeking approval for a renewal of a state directed payment for a new rating period.
 - i. If the State is seeking approval of a renewal, please indicate the rating periods for which previous approvals have been granted:
 - c. Please identify the types of changes in this state directed payment that differ from what was previously approved.
 - Payment Type Change
 - Provider Type Change
 - Quality Metric(s) / Benchmark(s) Change
 - Other; please describe:
Fiscal impact
 - No changes from previously approved preprint other than rating period(s).
7. Please use the checkbox to provide an assurance that, in accordance with 42 C.F.R. § 438.6(c)(2)(ii)(F), the payment arrangement is not renewed automatically.

SECTION II: TYPE OF STATE DIRECTED PAYMENT

8. In accordance with 42 C.F.R. § 438.6(c)(2)(ii)(A), describe in detail how the payment arrangement is based on the utilization and delivery of services for enrollees covered under the contract. The State should specifically discuss what must occur in order for the provider to receive the payment (e.g., utilization of services by managed care enrollees, meet or exceed a performance benchmark on provider quality metrics).

This payment arrangement is intended to maintain and increase access for family planning services for Medicaid-enrolled managed care enrollees. This rate change is being applied as a uniform percentage increase to provider reimbursement rates. The enhanced rates are available to all publicly funded sexual and reproductive health family planning providers as designated by the Department of Health

- a. Please use the checkbox to provide an assurance that CMS has approved the federal authority for the Medicaid services linked to the services associated with the SDP (i.e., Medicaid State plan, 1115(a) demonstration, 1915(c) waiver, etc.).
- b. Please also provide a link to, or submit a copy of, the authority document(s) with initial submissions and at any time the authority document(s) has been renewed/revised/updated.

<https://www.hca.wa.gov/about-hca/apple-health-medicare/medicaid-title-xix-state-plan>

9. Please select the general type of state directed payment arrangement the State is seeking prior approval to implement. (Check all that apply and address the underlying questions for each category selected.)

- a. **VALUE-BASED PAYMENTS / DELIVERY SYSTEM REFORM:** In accordance with 42 C.F.R. § 438.6(c)(1)(i) and (ii), the State is requiring the MCO, PIHP, or PAHP to implement value-based purchasing models for provider reimbursement, such as alternative payment models (APMs), pay for performance arrangements, bundled payments, or other service payment models intended to recognize value or outcomes over volume of services; or the State is requiring the MCO, PIHP, or PAHP to participate in a multi-payer or Medicaid-specific delivery system reform or performance improvement initiative.

If checked, please answer all questions in Subsection IIA.

- b. **FEE SCHEDULE REQUIREMENTS:** In accordance with 42 C.F.R. § 438.6(c)(1)(iii)(B) through (D), the State is requiring the MCO, PIHP, or PAHP to adopt a minimum or maximum fee schedule for network providers that provide a particular service under the contract; or the State is requiring the MCO, PIHP, or PAHP to provide a uniform dollar or percentage increase for network providers that provide a particular service under the contract. **[Please note, per the 2020 Medicaid and CHIP final rule at 42 C.F.R. § 438.6(c)(1)(iii)(A), States no longer need to submit a preprint for prior approval to adopt minimum fee schedules using State plan approved rates as defined in 42 C.F.R. § 438.6(a).]**

If checked, please answer all questions in Subsection IIB.

SUBSECTION IIA: VALUE-BASED PAYMENTS (VBP) / DELIVERY SYSTEM REFORM (DSR):

This section must be completed for all state directed payments that are VBP or DSR. This section does not need to be completed for state directed payments that are fee schedule requirements.

10. Please check the type of VBP/DSR State directed payment the State is seeking prior approval for. *Check all that apply; if none are checked, proceed to Section III.*

- Quality Payment/Pay for Performance (Category 2 APM, or similar)
- Bundled Payment/Episode-Based Payment (Category 3 APM, or similar)
- Population-Based Payment/Accountable Care Organization (Category 4 APM, or similar)
- Multi-Payer Delivery System Reform
- Medicaid-Specific Delivery System Reform
- Performance Improvement Initiative
- Other Value-Based Purchasing Model

11. Provide a brief summary or description of the required payment arrangement selected above and describe how the payment arrangement intends to recognize value or outcomes over volume of services. If “other” was checked above, identify the payment model. The State should specifically discuss what must occur in order for the provider to receive the payment (e.g., meet or exceed a performance benchmark on provider quality metrics).

12. In Table 1 below, identify the measure(s), baseline statistics, and targets that the State will tie to provider performance under this payment arrangement (provider performance measures). Please complete all boxes in the row. To the extent practicable, CMS encourages states to utilize existing, validated, and outcomes-based performance measures to evaluate the payment arrangement, and recommends States use the [CMS Adult and Child Core Set Measures](#) when applicable.

TABLE 1: Payment Arrangement Provider Performance Measures

Measure Name and NQF # (if applicable)	Measure Steward/ Developer ¹	Baseline ² Year	Baseline ² Statistic	Performance Measurement Period ³	Performance Target	Notes ⁴
<i>Example: Percent of High-Risk Residents with Pressure Ulcers – Long Stay</i>	<i>CMS</i>	<i>CY 2018</i>	<i>9.23%</i>	<i>Year 2</i>	<i>8%</i>	<i>Example notes</i>
a.						
b.						
c.						
d.						
e.						

1. Baseline data must be added after the first year of the payment arrangement
 2. If state-developed, list State name for Steward/Developer.
 3. If this is planned to be a multi-year payment arrangement, indicate which year(s) of the payment arrangement that performance on the measure will trigger payment.
 4. If the State is using an established measure and will deviate from the measure steward’s measure specifications, please describe here. Additionally, if a state-specific measure will be used, please define the numerator and denominator here.

14. Is the State seeking a multi-year approval of the state directed payment arrangement?
 Yes No
- a. If this payment arrangement is designed to be a multi-year effort, denote the State's managed care contract rating period(s) the State is seeking approval for.
- b. If this payment arrangement is designed to be a multi-year effort and the State is **NOT** requesting a multi-year approval, describe how this application's payment arrangement fits into the larger multi-year effort and identify which year of the effort is addressed in this application.
15. Use the checkboxes below to make the following assurances:
- a. In accordance with 42 C.F.R. § 438.6(c)(2)(iii)(A), the state directed payment arrangement makes participation in the value-based purchasing initiative, delivery system reform, or performance improvement initiative available, using the same terms of performance, to the class or classes of providers (identified below) providing services under the contract related to the reform or improvement initiative.
- b. In accordance with 42 C.F.R. § 438.6(c)(2)(iii)(B), the payment arrangement makes use of a common set of performance measures across all of the payers and providers.
- c. In accordance with 42 C.F.R. § 438.6(c)(2)(iii)(C), the payment arrangement does not set the amount or frequency of the expenditures.
- d. In accordance with 42 C.F.R. § 438.6(c)(2)(iii)(D), the payment arrangement does not allow the State to recoup any unspent funds allocated for these arrangements from the MCO, PIHP, or PAHP.

SUBSECTION IIB: STATE DIRECTED FEE SCHEDULES:

This section must be completed for all state directed payments that are fee schedule requirements. This section does not need to be completed for state directed payments that are VBP or DSR.

16. Please check the type of state directed payment for which the State is seeking prior approval. *Check all that apply; if none are checked, proceed to Section III.*
- a. Minimum Fee Schedule for providers that provide a particular service under the contract *using rates other than State plan approved rates*¹ (42 C.F.R. § 438.6(c)(1)(iii)(B))
- b. Maximum Fee Schedule (42 C.F.R. § 438.6(c)(1)(iii)(D))
- c. Uniform Dollar or Percentage Increase (42 C.F.R. § 438.6(c)(1)(iii)(C))

¹ Please note, per the 2020 Medicaid and CHIP final rule at 42 C.F.R. § 438.6(c)(1)(iii)(A), States no longer need to submit a preprint for prior approval to adopt minimum fee schedules that use State plan approved rates as defined in 42 C.F.R. § 438.6(a).

17. If the State is seeking prior approval of a fee schedule (options a or b in Question 16):

- a. Check the basis for the fee schedule selected above.
 - i. The State is proposing to use a fee schedule based on the **State-plan approved rates** as defined in 42 C.F.R. § 438.6(a).²
 - ii. The State is proposing to use a fee schedule based on the **Medicare or Medicare-equivalent rate**.
 - iii. The State is proposing to use a fee schedule based on an **alternative fee schedule established by the State**.
 1. If the State is proposing an alternative fee schedule, please describe the alternative fee schedule (e.g., 80% of Medicaid State-plan approved rate)
- b. Explain how the state determined this fee schedule requirement to be reasonable and appropriate.

18. If using a maximum fee schedule (option b in Question 16), please answer the following additional questions:

- a. Use the checkbox to provide the following assurance: In accordance with 42 C.F.R. § 438.6(c)(1)(iii)(C), the State has determined that the MCO, PIHP, or PAHP has retained the ability to reasonably manage risk and has discretion in accomplishing the goals of the contract.
- b. Describe the process for plans and providers to request an exemption if they are under contract obligations that result in the need to pay more than the maximum fee schedule.
- c. Indicate the number of exemptions to the requirement:
 - i. Expected in this contract rating period (estimate)
 - ii. Granted in past years of this payment arrangement
- d. Describe how such exemptions will be considered in rate development.

² Please note, per the 2020 Medicaid and CHIP final rule at 42 C.F.R. § 438.6(c)(1)(iii)(A), States no longer need to submit a preprint for prior approval to adopt minimum fee schedules that use State plan approved rates as defined in 42 C.F.R. § 438.6(a).

19. If the State is seeking prior approval for a uniform dollar or percentage increase (option c in Question 16), please address the following questions:

- a. Will the state require plans to pay a uniform dollar amount **or** a uniform percentage increase? (*Please select only one.*)
- b. What is the magnitude of the increase (e.g., \$4 per claim or 3% increase per claim?)
162% rate increase per claim for the codes on the SRHP Enhanced Family Planning fee schedule
- c. Describe how will the uniform increase be paid out by plans (e.g., upon processing the initial claim, a retroactive adjustment done one month after the end of quarter for those claims incurred during that quarter).

This change will be incorporated into the MCO prospective provider reimbursement rates and contracts effective January 1, 2026. Please note, per Section 71113(b)(1) of H.R.1 (Public Law 119-21)(2025), we excluded one SRHP provider because it is considered a "prohibited entity" for one year effective July 4, 2025. Therefore, this provider is not eligible to receive federal dollars for services rendered under this state directed payment for a portion of 2026.

- d. Describe how the increase was developed, including why the increase is reasonable and appropriate for network providers that provide a particular service under the contract

This increase was developed as a part of the State budget to ensure that access to reproductive health and family planning services is maintained for Washington Medicaid clients.

SECTION III: PROVIDER CLASS AND ASSESSMENT OF REASONABLENESS

20. In accordance with 42 C.F.R. § 438.6(c)(2)(ii)(B), identify the class or classes of providers that will participate in this payment arrangement by answering the following questions:

- a. Please indicate which general class of providers would be affected by the state directed payment (check all that apply):

- inpatient hospital service
- outpatient hospital service
- professional services at an academic medical center
- primary care services
- specialty physician services
- nursing facility services
- HCBS/personal care services
- behavioral health inpatient services
- behavioral health outpatient services
- dental services

Other: publicly funded sexual and reproductive health family planning providers as designated by the Department of Health

- b. Please define the provider class(es) (if further narrowed from the general classes indicated above).

The enhanced rates are available to publicly funded sexual and reproductive health family planning providers as designated by the Department of Health as identified on the DOH website here:

<https://www.doh.wa.gov/YouandYourFamily/SexualandReproductiveHealth/ClinicLocations>

- c. Provide a justification for the provider class defined in Question 20b (e.g., the provider class is defined in the State Plan.) If the provider class is defined in the State Plan, please provide a link to or attach the applicable State Plan pages to the preprint submission. Provider classes cannot be defined to only include providers that provide intergovernmental transfers.

The publicly funded sexual and reproductive health family planning providers (SRHP) receive the majority of their revenue from services provided to Medicaid clients. The enhanced rates are necessary for the clinics to remain financially viable. There are several provider classes that are eligible to deliver the services included in the rate increase. In order to limit the fiscal impact, the providers eligible to receive the enhanced rates will be limited to the publicly funded sexual and reproductive health family planning providers (as identified by the Washington Department of Health).

21. In accordance with 42 C.F.R. § 438.6(c)(2)(ii)(B), describe how the payment arrangement directs expenditures equally, using the same terms of performance, for the class or classes of providers (identified above) providing the service under the contract.

The rate increase is a uniform amount for all codes on the SRHP Enhanced Family Planning fee schedule and all publicly funded sexual and reproductive health family planning providers, as designated by the Washington Department of Health, are eligible to receive the enhanced rate as payment for an eligible service. Please note, per Section 71113(b)(1) of H.R.1 (Public Law 119-21)(2025), we excluded one SRHP provider because it is considered a "prohibited entity" for one year effective July 4, 2025. Therefore, this provider is not eligible to receive federal dollars for services rendered under this state directed payment for a portion of 2026.

22. For the services where payment is affected by the state directed payment, how will the state directed payment interact with the negotiated rate(s) between the plan and the provider? Will the state directed payment:

- a. Replace the negotiated rate(s) between the plan(s) and provider(s).
- b. Limit but not replace the negotiated rate(s) between the plans(s) and provider(s).
- c. Require a payment be made in addition to the negotiated rate(s) between the plan(s) and provider(s).

23. For payment arrangements that are intended to require plans to make a payment in addition to the negotiated rates (as noted in option c in Question 22), please provide an analysis in Table 2 showing the impact of the state directed payment on payment levels for each provider class. This provider payment analysis should be completed distinctly for each service type (e.g., inpatient hospital services, outpatient hospital services, etc.).

This should include an estimate of the base reimbursement rate the managed care plans pay to these providers as a percent of Medicare, or some other standardized measure, and the effect the increase from the state directed payment will have on total payment. *Ex: The average base payment level from plans to providers is 80% of Medicare and this SDP is expected to increase the total payment level from 80% to 100% of Medicare.*

TABLE 2: Provider Payment Analysis

Provider Class(es)	Average Base Payment Level from Plans to Providers (absent the SDP)	Effect on Total Payment Level of State Directed Payment (SDP)	Effect on Total Payment Level of Other SDPs	Effect on Total Payment Level of Pass-Through Payments (PTPs)	Total Payment Level (after accounting for all SDPs and PTPs)
<i>Ex: Rural Inpatient Hospital Services</i>	80%	20%	N/A	N/A	100%
a. Publicly Funded Sexual and Reproductive Health Family Planning Providers	39.00%	162.00%			103.00%
b.	0.00%	0.00%			0.00%
c.	0.00%	0.00%			0.00%
d.	0.00%	0.00%			0.00%
e.	0.00%	0.00%			0.00%
f.	0.00%	0.00%			0.00%
g.	0.00%	0.00%			0.00%

24. Please indicate if the data provided in Table 2 above is in terms of a percentage of:

- a. Medicare payment/cost
- b. State-plan approved rates as defined in 42 C.F.R. § 438.6(a) (*Please note, this rate cannot include supplemental payments.*)
- c. Other; Please define: **Uniform Medical Plan (UMP) rates**

25. Does the State also require plans to pay any other state directed payments for providers eligible for the provider class described in Question 20b? Yes No

If yes, please provide information requested under the column "Other State Directed Payments" in Table 2.

- 26.** Does the State also require plans to pay pass-through payments as defined in 42 C.F.R. § 438.6(a) to any of the providers eligible for any of the provider class(es) described in Question 20b? Yes No

If yes, please provide information requested under the column “Pass-Through Payments” in Table 2.

- 27.** Please describe the data sources and methodology used for the analysis provided in response to Question 23.

HCA analyzed the current FFS payment rates and compared them to the UMP rates as the baseline for determining the impact of the rate increase. The codes included in the increase were at various levels as compared to UMP rates both prior to and after the increase was applied. The rates prior to the increase averaged 39% of UMP rates and ranged between 6% and 77% for individual services. After the increase the rates average 103% of UMP rates and range between 15% and 201% for individual services.

- 28.** Please describe the State's process for determining how the proposed state directed payment was appropriate and reasonable.

The State determined that the rate increase was necessary to maintain and increase access to family planning services for Medicaid enrolled clients.

SECTION IV: INCORPORATION INTO MANAGED CARE CONTRACTS

- 29.** States must adequately describe the contractual obligation for the state directed payment in the state's contract with the managed care plan(s) in accordance with 42 C.F.R. § 438.6(c). Has the state already submitted all contract action(s) to implement this state directed payment? Yes No

a. If yes:

- i.** What is/are the state-assigned identifier(s) of the contract actions provided to CMS?
- ii.** Please indicate where (page or section) the state directed payment is captured in the contract action(s).

b. If no, please estimate when the state will be submitting the contract actions for review.

The contract language for this SDP will be in section 5.26 of the IMC and 5.25 of the IFC contracts. The final contract amendment will be submitted to CMS once executed. Draft versions will be submitted for review on or before April 6, 2026.

SECTION V: INCORPORATION INTO THE ACTUARIAL RATE CERTIFICATION

Note: Provide responses to the questions below for the first rating period if seeking approval for multi-year approval.

30. Has/Have the actuarial rate certification(s) for the rating period for which this state directed payment applies been submitted to CMS? Yes No

a. If no, please estimate when the state will be submitting the actuarial rate certification(s) for review.

b. If yes, provide the following information in the table below for each of the actuarial rate certification review(s) that will include this state directed payment.

Table 3: Actuarial Rate Certification(s)

Control Name Provided by CMS (List each actuarial rate certification separately)	Date Submitted to CMS	Does the certification incorporate the SDP?	If so, indicate where the state directed payment is captured in the certification (page or section)
i. Not yet assigned	04/06/2026	Yes	I.4.D
ii.			
iii.			
iv.			
v.			

Please note, states and actuaries should consult the most recent [Medicaid Managed Care Rate Development Guide](#) for how to document state directed payments in actuarial rate certification(s). The actuary’s certification must contain all of the information outlined; if all required documentation is not included, review of the certification will likely be delayed.)

c. If not currently captured in the State’s actuarial certification submitted to CMS, note that the regulations at 42 C.F.R. § 438.7(b)(6) requires that all state directed payments are documented in the State’s actuarial rate certification(s). CMS will not be able to approve the related contract action(s) until the rate certification(s) has/have been amended to account for all state directed payments. Please provide an estimate of when the State plans to submit an amendment to capture this information.

The rate certification will be documented in the actuarial certification for rates effective July 1, 2026.

31. Describe how the State will/has incorporated this state directed payment arrangement in the applicable actuarial rate certification(s) (please select one of the options below):

- a. An adjustment applied in the development of the monthly base capitation rates paid to plans.
- b. Separate payment term(s) which are captured in the applicable rate certification(s) but paid separately to the plans from the monthly base capitation rates paid to plans.
- c. Other, please describe:

32. States should incorporate state directed payment arrangements into actuarial rate certification(s) as an adjustment applied in the development of the monthly base capitation rates paid to plans as this approach is consistent with the rate development requirements described in 42 C.F.R. § 438.5 and consistent with the nature of risk-based managed care. For state directed payments that are incorporated in another manner, particularly through separate payment terms, provide additional justification as to why this is necessary and what precludes the state from incorporating as an adjustment applied in the development of the monthly base capitation rates paid to managed care plans.
The increase will be incorporated into the managed care rates as an adjustment applied in the development of the monthly base capitation rates.

33. In accordance with 42 C.F.R. § 438.6(c)(2)(i), the State assures that all expenditures for this payment arrangement under this section are developed in accordance with 42 C.F.R. § 438.4, the standards specified in 42 C.F.R. § 438.5, and generally accepted actuarial principles and practices.

SECTION VI: FUNDING FOR THE NON-FEDERAL SHARE

34. Describe the source of the non-federal share of the payment arrangement. Check all that apply:

- a. State general revenue
- b. Intergovernmental transfers (IGTs) from a State or local government entity
- c. Health Care-Related Provider tax(es) / assessment(s)
- d. Provider donation(s)
- e. Other, specify:

35. For any payment funded by **IGTs (option b in Question 34)**,

- a. Provide the following (respond to each column for all entities transferring funds). If there are more transferring entities than space in the table, please provide an attachment with the information requested in the table.

Table 4: IGT Transferring Entities

Name of Entities transferring funds (enter each on a separate line)	Operational nature of the Transferring Entity (State, County, City, Other)	Total Amounts Transferred by This Entity	Does the Transferring Entity have General Taxing Authority? (Yes or No)	Did the Transferring Entity receive appropriations? If not, put N/A. If yes, identify the level of appropriations	Is the Transferring Entity eligible for payment under this state directed payment? (Yes or No)
i.					
ii.					
iii.					
iv.					
v.					
vi.					
vii.					
viii.					
ix.					
x.					

- b. Use the checkbox to provide an assurance that no state directed payments made under this payment arrangement funded by IGTs are dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.
- c. Provide information or documentation regarding any written agreements that exist between the State and healthcare providers or amongst healthcare providers and/or related entities relating to the non-federal share of the payment arrangement. This should include any written agreements that may exist with healthcare providers to support and finance the non-federal share of the payment arrangement. Submit a copy of any written agreements described above.

36. For any state directed payments funded by provider taxes/assessments (option c in Question 34),

- a. Provide the following (respond to each column for all entries). If there are more entries than space in the table, please provide an attachment with the information requested in the table.

Table 5: Health Care-Related Provider Tax/Assessment(s)

Name of the Health Care-Related Provider Tax / Assessment (enter each on a separate line)	Identify the permissible class for this tax / assessment	Is the tax / assessment broad-based?	Is the tax / assessment uniform?	Is the tax / assessment under the 6% indirect hold harmless limit?	If not under the 6% indirect hold harmless limit, does it pass the "75/75" test?	Does it contain a hold harmless arrangement that guarantees to return all or any portion of the tax payment to the tax payer?
i.						
ii.						
iii.						
iv.						
v.						

- b. If the state has any waiver(s) of the broad-based and/or uniform requirements for any of the health care-related provider taxes/assessments, list the waiver(s) and its current status:

Table 6: Health Care-Related Provider Tax/Assessment Waivers

Name of the Health Care-Related Provider Tax/Assessment Waiver (enter each on a separate line)	Submission Date	Current Status (Under Review, Approved)	Approval Date
i.			
ii.			
iii.			
iv.			
v.			

37. For any state directed payments funded by **provider donations (option d in Question 34)**, please answer the following questions:

- a. Is the donation bona-fide? Yes No
- b. Does it contain a hold harmless arrangement to return all or any part of the donation to the donating entity, a related entity, or other provider furnishing the same health care items or services as the donating entity within the class?
 Yes No

38. **For all state directed payment arrangements**, use the checkbox to provide an assurance that in accordance with 42 C.F.R. § 438.6(c)(2)(ii)(E), the payment arrangement does not condition network provider participation on the network provider entering into or adhering to intergovernmental transfer agreements.

SECTION VII: QUALITY CRITERIA AND FRAMEWORK FOR ALL PAYMENT ARRANGEMENTS

39. Use the checkbox below to make the following assurance, “In accordance with 42 C.F.R. § 438.6(c)(2)(ii)(C), the State expects this payment arrangement to advance at least one of the goals and objectives in the quality strategy required per 42 C.F.R. § 438.340.”
40. Consistent with 42 C.F.R. § 438.340(d), States must post the final quality strategy online beginning July 1, 2018. Please provide:
- a. A hyperlink to State’s most recent quality strategy: <https://www.hca.wa.gov/assets/program/13-0053-washington-state-managed-care-quality-strategy.pdf>
 - b. The effective date of quality strategy. **October 1, 2022**
41. If the State is currently updating the quality strategy, please submit a draft version, and provide:
- a. A target date for submission of the revised quality strategy (month and year): **Dec-25**
 - b. Note any potential changes that might be made to the goals and objectives.
No planned changes to goals or objectives

Note: The State should submit the final version to CMS as soon as it is finalized. To be in compliance with 42 C.F.R. § 438.340(c)(2) the quality strategy must be updated no less than once every 3-years.

42. To obtain written approval of this payment arrangement, a State must demonstrate that each state directed payment arrangement expects to advance at least one of the goals and objectives in the quality strategy. In the Table 7 below, identify the goal(s) and objective(s), as they appear in the Quality Strategy (include page numbers), this payment arrangement is expected to advance. If additional rows are required, please attach.

Table 7: Payment Arrangement Quality Strategy Goals and Objectives

Goal(s)	Objective(s)	Quality strategy page
<i>Example: Improve care coordination for enrollees with behavioral health conditions</i>	<i>Example: Increase the number of managed care patients receiving follow-up behavior health counseling by 15%</i>	5
a.		11
b.		11
c.		
d.		

43. Describe how this payment arrangement is expected to advance the goal(s) and objective(s) identified in Table 7. If this is part of a multi-year effort, describe this both in terms of this year’s payment arrangement and in terms of that of the multi-year payment arrangement.

This payment arrangement advances the stated objectives by supporting sexual and reproductive health program providers, who are essential to ensuring access to a full range of covered services. Strengthening this provider group helps MCOs maintain adequate networks that meet the needs of all enrollees. In addition, by stabilizing and expanding access to these specialized services, the arrangement helps ensure that medically necessary care for Medicaid beneficiaries is not denied, limited, or discontinued, thereby promoting equitable access to comprehensive sexual and reproductive health care

44. Please complete the following questions regarding having an evaluation plan to measure the degree to which the payment arrangement advances at least one of the goals and objectives of the State's quality strategy. To the extent practicable, CMS encourages States to utilize existing, validated, and outcomes-based performance measures to evaluate the payment arrangement, and recommends States use the [CMS Adult and Child Core Set Measures](#), when applicable.

- a.** In accordance with 42 C.F.R. § 438.6(c)(2)(ii)(D), use the checkbox to assure the State has an evaluation plan which measures the degree to which the payment arrangement advances at least one of the goals and objectives in the quality strategy required per 42 C.F.R. § 438.340, and that the evaluation conducted will be *specific* to this payment arrangement. *Note:* States have flexibility in how the evaluation is conducted and may leverage existing resources, such as their 1115 demonstration evaluation if this payment arrangement is tied to an 1115 demonstration or their External Quality Review validation activities, as long as those evaluation or validation activities are *specific* to this payment arrangement and its impacts on health care quality and outcomes.

- b. Describe how and when the State will review progress on the advancement of the State’s goal(s) and objective(s) in the quality strategy identified in Question 42. For each measure the State intends to use in the evaluation of this payment arrangement, provide in Table 8 below: 1) the baseline year, 2) the baseline statistics, and 3) the performance targets the State will use to track the impact of this payment arrangement on the State’s goals and objectives. Please attach the State’s evaluation plan for this payment arrangement.

TABLE 8: Evaluation Measures, Baseline and Performance Targets

Measure Name and NQF # (if applicable)	Baseline Year	Baseline Statistic	Performance Target	Notes ¹
<i>Example: Flu Vaccinations for Adults Ages 19 to 64 (FVA-AD); NQF # 0039</i>	<i>CY 2019</i>	<i>34%</i>	<i>Increase the percentage of adults 18–64 years of age who report receiving an influenza vaccination by 1 percentage point per year</i>	<i>Example notes</i>
i. Cervical Cancer Screening (CCS), 21-64 NQF # 0032	MY2021	56.6%	56.6%	
ii. Chlamydia Screening in Women (CHL), Total; NQF # 0033	MY2020	65.7%	65.7%	
iii.				
iv.				

1. If the State will deviate from the measure specification, please describe here. If a State-specific measure will be used, please define the numerator and denominator here. Additionally, describe any planned data or measure stratifications (for example, age, race, or ethnicity) that will be used to evaluate the payment arrangement.

- c. If this is any year other than year 1 of a multi-year effort, describe (or attach) prior year(s) evaluation findings and the payment arrangement's impact on the goal(s) and objective(s) in the State's quality strategy. Evaluation findings must include 1) historical data; 2) prior year(s) results data; 3) a description of the evaluation methodology; and 4) baseline and performance target information from the prior year(s) preprint(s) where applicable. If full evaluation findings from prior year(s) are not available, provide partial year(s) findings and an anticipated date for when CMS may expect to receive the full evaluation findings.

Washington State Directed Payment Evaluation Findings for Family Planning (OTH)

As indicated in the preprint, states must “describe prior year(s) evaluation findings and the payment arrangement’s impact on the goal(s) and objective(s) in the states quality strategy” in “any year other than Year 1 of a multi-year effort.” By providing evaluation data for each year of the payment arrangement, the state will be able to understand the impact of the payment arrangement over time.

In the Year 2 preprint, the state must include evaluation findings. The state may choose to use the tables below to provide this information. The **tables are optional** but encompass CMS’ expectations for what states include when sharing evaluation findings and describing directed payment arrangement evaluations.

Table 1. Washington’s Evaluation Findings for the WA_Fee_OTH Payment Arrangement

Measure Name	Baseline Year	Baseline Statistic	Performance Target	Evaluation Data					Goal met?
				Year 0 MY2020	Year 1 MY2021	Year 2 MY2022	Year 3 MY2023	Year 4 MY2024	
Prenatal and Postpartum Care: Timeliness of Prenatal Care (PPC); NQF # Not Endorsed	CY2019	82.7%	≥82.7%	82.7%	87.5%	86.7%			Yes

Measure Name	Baseline Year	Baseline Statistic	Performance Target	Evaluation Data					Goal met?
				Year 0 MY2024	Year 1 MY2025	Year 2 MY2026	Year 3 MY2027	Year 4 MY2028	
Cervical Cancer Screening (CCS); NQF # 0032	MY2021	56.6%	≥56.6%	N/A					N/A

WA Plans to change measures for this SDP for 2025				Evaluation Data					
Measure Name	Baseline Year	Baseline Statistic	Performance Target	Year 0	Year 1	Year 2	Year 3	Year 4	Goal met?
Chlamydia Screening in Women (CHL); NQF # 0033	MY2020	65.7%	≥65.7%	MY2024 N/A	MY2025	MY2026	MY2027	MY2028	N/A

*Please include an asterisk next to any findings based on partial year data

Table 2. Washington’s Evaluation Findings for the WA_Fee_OTH Payment Arrangement

Prompt	State Response
<p><i>Evaluation metrics</i></p> <p>Please share the data source(s) and year(s) of data used to calculate the evaluation metrics.</p>	<p>The data source for reported rates is the annual External Quality Review Organization (EQRO) reports, which include a statewide rate, reflecting Apple Health MCO-level performance data for the 2022 measurement year. The measures include Healthcare Effectiveness Data and Information Set (HEDIS®) performance measure rates for MY2022, reports linked below:</p> <p>Report Data: Annual Technical Report Washington Apple Health Annual Comparative Analysis Report Appendix A Historical Reports: Apple Health (Medicaid) and managed care reports Washington State Health Care Authority</p>
<p>Please confirm that the data used to calculate the evaluation metrics was limited to Medicaid Managed Care enrollees.</p>	<p>Clients were limited to Medicaid Managed Care enrollees.</p>

<p>Please confirm that the data used to calculate the evaluation metrics was limited to providers participating in the payment arrangement.</p>	<p>For existing measures, the Health Care Authority (HCA) is unable to provide an evaluation of measures that are limited to providers participating in the payment arrangement.</p> <p>Effective for MY2024, Washington State has been able to establish processes that will allow for measure evaluation exclusive to only participating providers groups. While this does not impact previously selected measures, these processes will be included in the more systematic approach Washington State will be taking to select and evaluate measure in MY2024 and forward. We have included these data in the table above by adding MY2024 as “Year 0” to newly selected measures for MY2025 that will be used to evaluate this SDP in future years.</p>
<p><i>Evaluation methodology</i></p>	
<p>Please identify the entity conducting the evaluation.</p>	<p>The State Medicaid Agency, Health Care Authority, conduct the evaluation. HCA quality staff, inclusive of RN staff, conducted evaluation using NCQA-audited EQRO report data taking into consideration WA State Managed Care Quality Strategy (QS) aims and objectives, statewide performance trends on selected HEDIS performance measures, performance compared to baseline year, and recommendations from the EQRO regarding improvement of access, timeliness and quality of care provided to managed care enrollees, as reported in annual EQR technical and Comparative Analysis reports.</p>
<p>Please describe the analytic methods used to understand the impact of the payment arrangement. For example, comparison groups, pre-post study design, etc.</p>	<p>Method of evaluation is currently limited to trends over time and comparison of the statewide rate to an identified baseline. As mentioned above, Washington State is in the of process of transitioning to evaluating measures based on data specific to</p>

	<p>providers participating in the directed payment. This work is currently being used in the identification of baselines and targets for newly selected measures and will allow for measure evaluation using data inclusive of only participating providers in MY2024 and forward.</p>
<p>As mentioned above, HCA has established processes to produce results of selected measures inclusive of only those providers receiving directed payments, however this data will not be used prior to the evaluation of MY2024.</p> <p>HCA review of this state directed payment through internal Quality Measurement Monitoring and Improvement (QMMI) structure also resulted in a change of measures selected for MY2025 that are more representative of the care and services provided by this group of providers. QMMI selection of measures prioritizes assigning at least one access measure and one quality measure to align with QS goals, if applicable to the SDP and the population it impacts.</p>	<p>Please share any limitations of the state’s evaluation plan.</p>
<i>Findings</i>	
<p>Performance measure selected in alignment with the State’s quality goals met the performance targets.</p>	<p>Please share the state’s assessment of the impact of this payment arrangement.</p>
<ul style="list-style-type: none"> • COVID-19 and associated “Stay home, stay healthy” orders from Washington State’s Governor’s office have had a lasting impact on client utilization of health care and resulting measures outcomes within the review period. 	<p>Please share any relevant context (e.g., changes to the managed care program, COVID-19) that may have impacted the evaluation results</p>

	<ul style="list-style-type: none"> Review of this State Directed Payment through QMMI structure and in context of CMS requirements for SDP quality evaluation resulted in measure changes for MY2025 forward. Measure selections and justification for this SDP are included below: <p>Cervical Cancer Screening (CCS)</p> <ul style="list-style-type: none"> Selection Rationale: <ul style="list-style-type: none"> On the current CMS Core Measure Set Currently an MCO contracted measure On the WA State Common Measure Set Quality focused measure to improve outcomes <p>Chlamydia Screening in Women (CHL)</p> <ul style="list-style-type: none"> Selection Rationale: <ul style="list-style-type: none"> On the current CMS Core Measure Set Currently an MCO contracted measure On the WA State Common Measure Set Quality focused measure to improve outcomes
<p>For all evaluation metrics that did not improve over baseline, please share any plans the state has to address declining performance.</p>	<p>N/A. Selected measure improved over baseline.</p>