

## **Table of Contents**

**State/Territory Name: DC**

**State Plan Amendment (SPA) #: 25-0007**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 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



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**Financial Management Group**

January 21, 2026

Melisa Byrd  
Senior Deputy Director/Medicaid Director  
Department of Health Care Finance  
441 4th Street, NW, 9th Floor, South  
Washington, DC 20001

RE: TN 25-0007

Dear Medicaid Director Byrd:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed District of Columbia state plan amendment (SPA) to Attachment 4.19-A DC-25-0007, which was submitted to CMS on October 27, 2025. This plan amendment updates the District of Columbia Medicaid Program to exclude certain high-cost curative therapy drug products from the DRG reimbursement system and shall be reimbursed under fee-for-service (FFS)

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), 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 January 1, 2026. 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 Kristina Mack at 617-565-1225 or via email at [Kristina.Mack-Webb@cms.hhs.gov](mailto:Kristina.Mack-Webb@cms.hhs.gov).

Sincerely,



Rory Howe  
Director  
Financial Management Group

Enclosures

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

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

5. FEDERAL STATUTE/REGULATION CITATION  
 Social Security Act § 1886

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
 Attachment 4.19-A, Part I, Page 18

9. SUBJECT OF AMENDMENT

DRG Carve Out

1. TRANSMITTAL NUMBER  
 2 5 — 0 0 0 7 DC

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT  
 XIX  XXI

4. PROPOSED EFFECTIVE DATE  
 Jan. 1, 2026

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
 a. FFY 2026 \$ 0  
 b. FFY \_\_\_\_\_ \$ \_\_\_\_\_

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
 Attachment 4.19-A, Part I, Page 18

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:  
 D.C. Act: 22-434

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME  
 Melisa Byrd

13. TITLE  
 Senior Deputy Director/Medicaid Director

14. DATE SUBMITTED  
 10/27/2025

15. RETURN TO

Melisa Byrd  
 Senior Deputy Director/Medicaid Director  
 Department of Health Care Finance  
 441 4th Street, NW, 9th Floor, South  
 Washington, DC 20001

FOR CMS USE ONLY

16. DATE RECEIVED  
 October 27, 2025

17. DATE APPROVED  
 January 21, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL  
 Rory Howe

21. TITLE OF APPROVING OFFICIAL  
 Director, Financial Management Group

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES: HOSPITAL CARE

Part 1. Payment to General Hospitals for Inpatient Medical Services

3. To ensure appropriate payment, reimbursement under these circumstances may be adjusted based on the acuity of the patient.

**AA. Cost Reports and Audits**

1. All in-District general hospitals shall be required to submit cost reports and shall comply with audits in accordance with the requirements described under Part V, Attachment 4.19-A of the State Plan.

**BB. Record Maintenance and Access to Records**

1. All general hospitals that provide inpatient services shall maintain records in accordance with the requirements described under Part V, Attachment 4.19-A of the State Plan.

**CC. Appeals**

1. All general hospitals that provide inpatient services shall be subject to the appeal and administrative review requirements described under Part V, Attachment 4.19-A of the State Plan.

**DD. General Hospital Reimbursement for Inpatient Services Excluded from the DRG Reimbursement System**

1. Effective January 1, 2026, select carve-out drugs found on the state's website at <https://dhcf.dc.gov/service/cell-and-gene-therapy-carve-out> are excluded from the DRG payment and will be paid at 100% of the Actual Acquisition Cost (AAC) in accordance with the requirements described under Part I, Attachment 3.1-F of the State Plan.