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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



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.

Sincerely,

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

Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 7

2. STATE

DC3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

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

4. PROPOSED EFFECTIVE DATE

Jan. 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION

Social Security Act § 1886

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2026 \$ 0

b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A, Part I, Page 18

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-A, Part I, Page 18

9. SUBJECT OF AMENDMENT

DRG Carve Out

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.