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State/Territory Name: Washington

State Plan Amendment (SPA) #: 20-0005

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

September 11, 2020

MaryAnne Lindeblad
Medicaid Director
Washington State Health Care Authority
P.O. Box 45502
Olympia, WA 98504-5010
RE: Washington State Plan Amendment (SPA) 20-0019

Dear Ms. Lindeblad:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 20-0019 effective for services on or after May 1, 2020. The purpose of this SPA is to update nursing facility rates for the state fiscal year. Medicaid rates for nursing facility care in Washington continue to be facility specific.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act. We hereby inform you that Medicaid State plan amendment 20-0019 is approved effective May 1, 2020. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

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

For
Rory Howe
Acting Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 20-0019	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 May 1, 2020	
5. TYPE OF PLAN MATERIAL <i>(Check One)</i> : ☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT <i>(Separate Transmittal for each amendment)</i>			
6. FEDERAL STATUTE/REGULATION CITATION: 1902(a) of the Social Security Act		7. FEDERAL BUDGET IMPACT: a. FFY 2020 \$0 b. FFY 2021 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D Part 1 pages 2, 3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT <i>(If Applicable)</i> : Attachment 4.19-D Part 1 pages 2, 3	
10. SUBJECT OF AMENDMENT: Nursing Facility Rates			
11. GOVERNOR'S REVIEW <i>(Check One)</i> : ☐ 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: 		16. RETURN TO: Ann Myers Rules and Publications Division of Legal Services Health Care Authority 626 8 th Ave SE MS: 42716 Olympia, WA 98504-2716	
13. TYPED NAME: MaryAnne Lindeblad			
14. TITLE: Director			
15. DATE SUBMITTED: June 30, 2020			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: 9/11/20	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 5/1/20		20. S  For	
21. TYPED NAME: Rory Howe		22. TITLE: Acting Director, FMG	
23. REMARKS:			

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 is a state utilizing industry median cost data, subject to applicable limits, combined with facility-specific and regularly updated resident case mix data, to set the direct care and indirect care component. The capital rate is set using a fair market rental system. The quality enhancement is set using Centers for Medicare and Medicaid Services quality data.

A facility's Medicaid rate is a total of four component rates: 1) direct care (DC), 2) indirect care (IDC), 3) capital (C), and 4) quality enhancement (QE).

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 2021 (July 1, 2020 through June 30, 2021), the budget dial rate is \$250.71.

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.

For SFY 2020 and SFY 2021, any Medicaid payments provided to nursing facilities in response to the declared state of emergency related to COVID-19 will not be subject to the Medicaid methodology found in RCW 74.46 and will not be included in the calculation of the budget dial.

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 and indirect care components, adjusted cost report data for calendar year 2014 will be used for rate setting for July 1, 2016 through June 30, 2017.

In contrast, the capital component is 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 and RSMMeans data.

Additionally, the quality enhancement data is evaluated every six months and the component adjusted accordingly every January 1 and July 1.

Beginning July 1, 2016, the direct care and indirect 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 2014 will be used for July 1, 2016 through June 30, 2018, and so forth.

Beginning May 1, 2020, the calendar year direct and indirect costs shall be adjusted for inflation by a twenty-four month consumer price index, based on the most recently available monthly index for all urban consumers, as published by the bureau of labor statistics. This inflation factor will be updated on July 1, 2020. On July 1, 2021 a facility specific add-on equal to the inflation factor of that facility in SFY20 will be included in the daily rate.

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