

## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA) # WA 23-0028**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 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



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**Financial Management Group**

August 15, 2023

Charissa Fotinos, Acting Medicaid Director  
Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010

RE: Washington State Plan Amendment (SPA) 23-0028

Dear Director Fotinos:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 23-0028 effective for services on or after July 1, 2023. The purpose is to change “Chemically Dependent Pregnant Women” to “Substance Using Pregnant People” in Attachment 4.19-A Part I for consistency with current program terms.

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. We hereby inform you that Medicaid State plan amendment 23-0028 is approved effective July 1, 2023. 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,



Rory Howe  
Director

Enclosure

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

1. TRANSMITTAL NUMBER

2 3 — 0 0 2 8

2. STATE

WA

3. 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

July 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

1902(a)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 0  
b. FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Part I pages 19, 36, 39

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-A Part I pages 19, 36, 39

9. SUBJECT OF AMENDMENT

Substance Using Pregnant People - name change from Chemically Using Pregnant Women

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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME  
Charissa Fotinos MD, MSc

13. TITLE  
Medicaid and Behavioral Health Medical Director

14. DATE SUBMITTED  
August 8, 2023

15. RETURN TO

**FOR CMS USE ONLY**

16. DATE RECEIVED  
August 8, 2023

17. DATE APPROVED  
August 15, 2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, FMG

22. 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.)

## 8. DRG Exempt Services (cont.)

*c. Long-Term Care Services*

Long-term care services are exempt from DRG payment methods. These services are reimbursed based on the statewide average Medicaid nursing home rate, adjusted for special staff and resource requirements. Hospitals must request a long-term care designation on a case-by-case basis.

*d. Bone Marrow and Other Major Organ Transplants*

Services provided to clients receiving bone marrow transplants and other major organ transplants are exempt from the DRG payment method and are reimbursed under the RCC method.

*e. Substance-Using Pregnant People*

For dates of admission before August 1, 2007, hospital-based intensive inpatient care for detoxification and medical stabilization provided to *Substance-Using Pregnant People* by a certified hospital are exempt from the DRG payment method and are reimbursed under the RCC payment method. See subsection E.1., for information on the payment method for *Substance-Using Pregnant People (SUPP) Program*, for dates of admission on and after August 1, 2007.

*f. Long-Term Acute Care Program Services*

Long-Term Acute Care (LTAC) services, and other inpatient services provided by LTAC hospitals, are exempt from DRG payment methods. LTAC services covered under the LTAC rate are reimbursed using a fixed per diem rate. Other covered LTAC services are paid using the RCC method. The fixed per diem rate was based on an evaluation of patient claims costs for this type of patient. Hospitals must request and receive a LTAC designation. Care is authorized and provided on a case-by-case basis.

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON**METHODS AND STANDARDS FOR ESTABLISHING  
PAYMENT RATES FOR INPATIENT HOSPITAL SERVICES (cont.)**

## E. PER DIEM, PER CASE, AND RCC PAYMENT METHODS (cont.)

## 1. Per diem rate (cont.)

To adjust for the wage differences, the labor portion of the statewide-standardized average operating costs was multiplied by the FFY 2007 Medicare wage.

To adjust for the indirect medical costs, the hospital statewide-standardized average adjusted operating and capital costs were multiplied by the FFY 2007 Medicare indirect medical factors.

The hospital's specific per diem rates are the total of the adjusted operating and capital costs per day plus the facility-specific direct medical education cost per day.

The hospital-specific per diem amounts were inflated using the CMS PPS Input Price Index to reflect the inflation between SFY 2005 and 2008.

Effective for dates of admission on or after July 1, 2013, per diem rates for non-specialty services will decrease by seven and sixty-six one hundredths percent (7.66%) from the rates that were established for dates of admission on and after July 7, 2011. This rate adjustment is in accordance with Chapter 74.60 RCW, as amended by the Legislature in 2013. The July 1, 2013, rates will be four percent (4.00%) lower than the July 1, 2009, rates.

For dates of admission after July 1, 2014, Washington State Medicaid no longer pays for unstable DRGs under the per diem method.

## i. Per Diem Rates Determination for Specialty Services

Washington State Medicaid uses per diem rates to pay for claims grouped into specialty services. AP-DRG and APR-DRG classifications identified as specialty services are grouped into:

- Psychiatric Services. Psychiatric claims are claims with a psychiatric diagnosis (i.e., assigned to a psychiatric DRG classification).
- Rehabilitation Services. Rehabilitation claims are claims with a rehabilitation diagnosis (i.e., assigned to a rehabilitation DRG classification).
- Detoxification Services. Detoxification claims are claims from freestanding detoxification hospitals, and all claims with a detoxification diagnosis (i.e., assigned to a detoxification DRG classification).
- Substance-Using Pregnant People (SUPP) Program Services. SUPP Program services are claims with units of service (days) submitted with revenue code 129 in the claim record.

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

## E. PER DIEM, PER CASE, AND RCC PAYMENT METHODS (cont.)

## 1. PER DIEM RATE (cont.)

To adjust for the wage differences, the labor portion of the statewide-standardized average operating costs was multiplied by the FFY 2007 Medicare wage.

To adjust for the indirect medical costs, the hospital statewide-standardized average adjusted operating and capital costs were multiplied by the FFY 2007 Medicare indirect medical factors.

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- Detoxification Services. Detoxification claims are claims from freestanding detoxification hospitals, and all claims with a detoxification diagnosis (i.e., assigned to a detoxification DRG classification).
- Substance-Using Pregnant People (SUPP) Program Services. SUPP Program services are claims with units of service (days) submitted with revenue code 129 in the claim record.
- Long-term psychiatric commitments. Long-term psychiatric commitments are psychiatric claims for 90 or more days with a psychiatric diagnosis and a legal commitment