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State/Territory Name: Washington

State Plan Amendment (SPA) # WA 24-0029

This file contains the following documents in the order listed:

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

September 26, 2024

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

RE: TN 24-0029

Dear Director Fotinos:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Washington state plan amendment (SPA) to Attachment 4.19-A WA 24-0029, which was submitted to CMS on August 8, 2024. This plan amendment updates the per diem rates for non-publicly owned hospitals will be increased and payment for services provided under the Substance Using Pregnant People program is an exception to the per diem rate determination for specialty services.

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 July 1, 2024. 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 Tom Caughey at 517-487-8598 or via email at tom.caughey@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**

1. TRANSMITTAL NUMBER 2 4 — 0 0 2 9 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, 2024

5. FEDERAL STATUTE/REGULATION CITATION
1902(a) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 \$ 977,806
b. FFY 2025 \$ 3,911,224

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A Part 1 pages 10, 38

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-A Part 1 pages 10 (TN# 14-0016), 38 (TN# 24-0004)

9. SUBJECT OF AMENDMENT
Clarify per diem rates for non-publicly owned hospitals may be increased by the State Legislature and payment for services provided under the Substance Using Pregnant People program is an exception to the per diem rate determination for specialty services

10. GOVERNOR'S REVIEW (Check One)
 GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: EXEMPT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

11. SIGNATURE OF STATE AGENCY OFFICIAL
[Redacted Signature]

12. TYPED NAME
Charissa Fotinos, MD, MSc

13. TITLE
Medicaid and Behavioral Health Medical Director

14. DATE SUBMITTED
August 8 2024

15. RETURN TO
State Plan Coordinator
POB 42716
Olympia, WA 98504-2716

FOR CMS USE ONLY

16. DATE RECEIVED
August 8, 2024

17. DATE APPROVED
September 26, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL
[Redacted Signature]

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.)**

B. DEFINITIONS (cont.)

Per Diem Rate

The per diem rate is a calculated amount based on the statewide, standardized, average payment per day adjusted by the Medicare wage index for each hospital's geographical location and any indirect medical education costs to reflect the hospital's specific costs (for more detail see Attachment 4.19-A, Part 1, page 32). Per diem rates will be adjusted for specific services or provider types as directed by the Washington State legislature subject to approval by CMS.

Present on admission (POA) indicator

Present on admission (POA) indicator is a status code the hospital uses on an inpatient hospital claim that indicates if a condition was present or incubating at the time the order for inpatient admission occurs. A POA indicator can also identify a condition that develops during an outpatient encounter. (Outpatient encounters include, but are not limited to, emergency department visits, diagnosis testing, observation, and outpatient surgery.)

Provider Preventable Conditions (PPC)

PPC are defined as two distinct categories: Health Care-Acquired Conditions (HCAC) and Other Provider-Preventable Conditions (OPPC).

Health Care Acquired Conditions (HCAC) apply to Medicaid inpatient hospital settings and are defined as the full list of Medicare's HAC, with the exception of deep vein thrombosis/pulmonary embolism following total knee replacement or hip replacement in pediatric and obstetric patients, as described in section 1886(d)(4)(D)(IV) of the Social Security Act.

Other Provider Preventable Conditions (OPPC) apply to both inpatient and outpatient settings and are defined in 42 CFR §447.26(b)(i)-(v) as a condition occurring in any health care setting that meets the following criteria:

- Are the events that must be reported to the Washington State Department of Health (DOH) under WAC 246-320-146 in effect as of January 1, 2010;
- Has a negative consequence for the beneficiary;
- Is auditable; and
- Includes the Medicare national coverage determinations.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

**METHODS AND STANDARDS FOR ESTABLISHING
PAYMENT RATES FOR INPATIENT HOSPITAL SERVICES**

E. PER DIEM AND RCC PAYMENT METHODS

1. Per diem rate (cont.)

- b. Per diem rates determination for specialty services, excluding psychiatric services and long-term civil commitment services

The Agency determined the per diem rates for paying specialty services based on the statewide standardized average cost per day adjusted by Medicare wage index, indirect and direct medical education costs to reflect the hospital's specific costs. There are exceptions to the process used in determining psychiatric per diem rates that were directed by the Washington State legislature.

Per diem rates for services provided at non-publicly owned hospitals for the Substance Using Pregnant People (SUPP) program may receive an additional increase. This is an exception to the per diem rates determination for specialty services.