

## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA) # WA 25-0024**

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



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**Financial Management Group**

March 20, 2026

Trinity Wilson  
Medicaid Director Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010  
RE: TN 25-0030

Dear Acting Director Wilson:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Washington state plan amendment (SPA) to Attachment 4.19-D, WA 25-0024, which was submitted to CMS on December 30, 2025 . This plan amendment updates the state plan to accommodate an additional facility.

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 Tom Caughey at 517-487- or via email at [tom.caughey@cms.hhs.gov](mailto: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 <u>2 5 — 0 0 2 4</u>	2. STATE <u>WA</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <b>January 1, 2026</b>
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5. FEDERAL STATUTE/REGULATION CITATION <b>1905(a)(16) of the SSA; 42 CFR 440.160 &amp; 441 Subpart D</b>	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2026</u> \$ <u>5,497,500</u> b. FFY <u>2027</u> \$ <u>7,468,000</u>
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7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <b>Attachment 4.19-A Part II pages 6, 7</b>	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <b>Attachment 4.19-A Part II pages 6 (TN 01-017), 7 (TN 01-017)</b>
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9. SUBJECT OF AMENDMENT  
**Rates for State-Operated Psychiatric Facilities and State-Operated Hospitals Serving Youth**

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 	15. RETURN TO State Plan Coordinator POB 42716 Olympia, WA 98504-2716
12. TYPED NAME Becky Carrell for Trinity Wilson	
13. TITLE Interim Medicaid Director	
14. DATE SUBMITTED December 30, 2025	

**FOR CMS USE ONLY**

16. DATE RECEIVED December 30, 2025	17. DATE APPROVED March 20, 2026
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL January 1, 2026	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**PART II – METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS FOR PSYCHIATRIC INPATIENT SERVICES PROVIDED IN HOSPITALS OPERATED BY THE STATE OF WASHINGTON (cont)**

## STATE PSYCHIATRIC HOSPITALS FOR PATIENTS UNDER 21 AND OVER AGE 65 (cont)

## DISPROPORTIONATE SHARE PAYMENTS (cont)

3. The DSH payment adjustments shall be made as described below:
  - a. An initial payment will be made during the second quarter of each Federal Fiscal year at 95 percent of the cost of net uncompensated services to uninsured indigent patients as defined in 2 above for the state fiscal year which ended prior to the beginning of the FFY.
  - b. The final payment will be made within 120 days after the end of the FFY, and will be the lessor of the residual costs of uncompensated services delivered after subtraction of the initial payment, or;
  - c. The residual of the remaining balance in the Federal limit for payment adjustments to institutions for mental diseases (IMD's) for the fiscal year, after subtracting the initial installment payments paid under "a" above. In the event the final installment adjustment payment is limited by the federal IMD limit, the payment will be apportioned between the facilities based on the ratio of the facilities' initial installment payment.

## THE JOINT COMMISSION (TJC) ACCREDITED PSYCHIATRIC SERVICES FOR CHILDREN AND ADOLESCENTS AGE 17 AND UNDER

## INTRODUCTION

This section applies to state-operated psychiatric facilities and state-operated hospitals serving youth. These settings provide inpatient and day treatment services for children/adolescents age 17 and under. These settings are accredited by TJC to provide inpatient psychiatric and day treatment psychiatric services.

These facilities operate in conjunction with a full-time school located at the facility. School costs are not included in the reimbursement.

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

State: WASHINGTON**PART II – METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS FOR PSYCHIATRIC INPATIENT SERVICES PROVIDED IN HOSPITALS OPERATED BY THE STATE OF WASHINGTON (cont)**

TJC-ACCREDITED PSYCHIATRIC SERVICES FOR CHILDREN AND ADOLESCENTS AGE 17 AND UNDER (cont)

RATE SETTING – STATE-OPERATED PSYCHIATRIC FACILITIES AND STATE-OPERATED HOSPITALS SERVING YOUTH

Annually, the state will establish a prospective Medicaid per diem rate for state-operated psychiatric facilities and state-operated hospitals serving youth. The rate is all inclusive of routine, physician, and ancillary costs for inpatient psychiatric services.

Payments are made to state-operated psychiatric facilities and state-operated hospitals serving youth based on charges to the general public for services delivered by state-operated psychiatric facilities and state-operated hospitals serving youth. Recipient patient participation identified at eligibility determination is subtracted from aggregate monthly hospital and facility charges and the reduced sum is paid to the provider.

## PER DIEM

Computation of per diem payment rates for state-operated psychiatric facilities and state-operated hospitals serving youth require the collection and preparation of the following data elements:

- A. First ten months of the current fiscal years expenditures for each hospital reported in the State's financial records. The first ten months expenditures are annualized to form the base line hospital costs. A spreadsheet is developed to cross walk the hospital cost centers from the state accounting records to the cost centers used to calculate the annual Medicare cost report.
- B. The baseline expenditure level is adjusted, based on the appropriated budget ensuing fiscal year. Add on adjustments are:
  1. Salaries and Benefits
  2. All costs used to set the state-operated psychiatric facilities' and state-operated hospitals' serving youth room and board rates will be adjusted for economic trends and conditions. Those costs will be adjusted by the factor or factors used to set allotments. All other costs will be adjusted by the most current annual unadjusted percent change in the Consumer Price Index for All Urban Consumers (CPI-U) as published by the United States Department of Labor, Bureau of Labor and Statistics. CPI-U will be applied to costs by