

## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA) # WA 25-0031**

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 16, 2026

Trinity Wilson  
Medicaid Director Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010  
RE: TN 25-0031

Dear Acting Director Wilson:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Washington state plan amendment (SPA) to Attachment 4.19-A, WA 25-0031, which was submitted to CMS on December 16, 2025 . This plan amendment clarifies carved out transplant services from DRG reimbursement methodology.

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 517-487-8598 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 2 5 — 0 0 3 1 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  
**January 1, 2026**

5. FEDERAL STATUTE/REGULATION CITATION  
**1905(a) of the Social Security Act; 42 CFR Part 440**

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2026 \$ 0  
b. FFY 2027 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
**Attachment 4.19-A Part I page 19**

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
**Attachment 4.19-A Part 1 page 19 (TN 24-0034)**

9. SUBJECT OF AMENDMENT  
**Transplant Payments Update**

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  
[Redacted]

12. TYPED NAME  
**Trinity Wilson**

13. TITLE  
**Interim Medicaid Director**

14. DATE SUBMITTED  
**December 16, 2025**

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

**FOR CMS USE ONLY**

16. DATE RECEIVED  
December 16, 2025

17. DATE APPROVED  
March 16, 2026

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
January 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL  
[Redacted]

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 which are grouped to the APR-DRG transplant grouping are exempt from the DRG payment method and are reimbursed under the RCC method. This includes bone marrow, major organs, cell and gene therapies, and tissue-based regenerative therapies.

*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.

*g. Medically necessary gender affirming care*

Medically necessary gender affirming care for a client with a diagnosis of gender dysphoria, provided in an inpatient setting at an acute care hospital is exempt from the DRG payment method and reimbursed under the RCC method. Gender affirming care is specific to physical health services.