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State/Territory Name: WA

State Plan Amendment (SPA) #: 23-0018

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 & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group/ Division of Reimbursement Review

August 11, 2023

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

RE: Washington State Plan Amendment (SPA) Transmittal Number 23-0018

Dear Dr. Fotinos:

We have reviewed the proposed Washington state plan amendment (SPA) to attachment 4.19-B of your state plan, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on May 15, 2023. This SPA removes obsolete references to outpatient hospital rates as a payment method under Outpatient Prospective Payment System (OPPS).

Based upon the information provided by the state, we have approved the amendment with an effective date of April 1, 2023. 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 DRR analyst James Moreth at James.Moreth@cms.hhs.gov or (206) 615-2043.

Sincerely,

A solid black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director

Enclosures

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

1. TRANSMITTAL NUMBER <u>2 3</u> — <u>0 0 1 8</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 April 1, 2023
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5. FEDERAL STATUTE/REGULATION CITATION <u>1902(a) of the Act</u>	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2023</u> \$ <u>0</u> b. FFY <u>2024</u> \$ <u>0</u>
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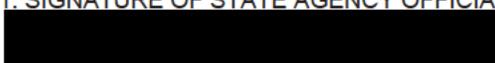
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <u>Attachment 4.19-B pages 16, 16-3, 16-4 (remove)</u>	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <u>Attachment 4.19-B pages 16, 16-3</u>
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9. SUBJECT OF AMENDMENT
Remove Outpatient Rate Reference

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: Exempt

11. SIGNATURE OF STATE AGENCY OFFICIAL 	15. RETURN TO State Plan Coordinator POB 42716 Olympia, WA 98504-2716
12. TYPED NAME Charissa Fotinos M.D., MSc	
13. TITLE Medicaid and Behavioral Health Medical Director	
14. DATE SUBMITTED May 8, 2023 5/15/23	

FOR CMS USE ONLY

16. DATE RECEIVED 5/15/23	17. DATE APPROVED August 11, 2023
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL 4/1/23	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL Todd McMillion	21. TITLE OF APPROVING OFFICIAL Director, DRR

22. REMARKS
P&I change to box 14 to correct submission date to 5/15/23- 8/7/23

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

VIII. Institutional Services

A. Outpatient hospital services

Outpatient Prospective Payment System (OPPS)

Duplicate payment for services does not occur. Non-Critical Access Hospital (CAH) outpatient hospital services are reimbursed using the Medicaid agency's Outpatient Prospective Payment System (OPPS). Under OPPS, services are reimbursed using one of the following payment methods:

1. Payment Grouping
 - a. Ambulatory Patient Classifications
 - b. Enhanced Ambulatory Patient Groups
 - c. Supplemental Payments
2. Fee schedule

1. Payment Grouping

- a. For dates of service prior to July 1, 2014, the agency uses the Ambulatory Patient Classifications (APC) to classify OPPS services.

Effective for dates of service on or after July 1, 2013, payments for services reimbursed using the APC method at Prospective Payment System hospitals (as defined in Attachment 4.19-A, Part 1) will decrease by twenty-four and fifty-five hundredths' percent (24.55%) from the rates that were established for dates of admission on and after July 7, 2011. This 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.

- b. Effective July 1, 2014, the agency uses the Enhanced Ambulatory Patient Groups (EAPG) to classify OPPS services. Under the EAPG system, the reimbursement of outpatient hospital services will include packaging of like services into groups with similar resource use.

For a significant procedure, the EAPG payment formula is as follows:

EAPG Relative Weight (RW) multiplied by the Hospital-Specific Conversion Factor multiplied by the Pricing Discount (if applicable) multiplied by the Policy Adjustor (if applicable)

To pay outpatient services under EAPG, the agency:

- i. Uses the national standard RWs developed by the 3M Corporation for determining relative resource intensity within the EAPG system. The relative weights are changed when grouper versions are changed. The relative weights effective July 1, 2020 are published on the agency's website. See 4.19-B, I, General, #G for the agency's website where the fee schedules are published.
- ii. Calculates a conversion factor for each hospital. Each conversion factor is based on a statewide standardized rate. The statewide standardized rate is determined at the time of rebasing as the maximum amount which can be used to ensure that aggregate outpatient reimbursement levels remain consistent. The statewide standardized rate is adjusted by a hospital-specific wage index and medical education component. See 4.19-B, I, General #G for the website where the fee schedules are published.

The formula for determining a hospital's specific conversion factor is: Statewide Standardized Rate x ((0.6 x WageIndex) + 0.4) / (1 - (DMECost/TotalCost))-

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State WASHINGTON

VIII. Institutional Services (cont)

A. Outpatient hospital services (cont)

2. Fee Schedule

For non-CAH hospitals and covered services not paid using the OPPS rate, the agency pays the lesser of the usual and customary charge or a fee based on an agency fee schedule for covered procedures.

Services paid using the agency's fee schedule include, but are not limited to, physical therapy, occupational therapy, speech/language therapy, corneal transplants, and other hospital services as identified and published by the agency.

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of outpatient hospital services. The agency's outpatient fee schedule is effective for services provided on and after April 1, 2023. The fee schedule is updated quarterly in a budget neutral manner. See 4.19-B, I, General, #G for the agency's website where the fee schedules are published.