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State/Territory Name: Washington

State Plan Amendment (SPA) #: 18-0003

This file contains the following documents in the order listed:

- 1) OS Notification
- 2) Approval Letter
- 3) CMS 179 Form
- 4) Approved SPA Page

OS Notification

State/Title/Plan Number: Washington 18-0003

Type of Action: Approval

Effective Date of SPA: January 1, 2018

Required Date for State Notification: April 29, 2018 (90th-day first clock)

Fiscal Impact: FY 2018 – \$0 FFP FY 2019 – \$0 FFP

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: None

Number of Potential Newly Eligible People: None

or

Eligibility Simplification: No

Provider Payment Increase or Decrease: Neither

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: None

Reduces Benefits: No

Detail: This SPA reduces the look-back period for I/P hospital potentially preventable readmissions from 30 days to 14 days. Also implements prior authorization for all inpatient psychiatric hospital admissions and establishes that each admission is considered a distinct event.

Other Considerations: This SPA was vetted by the NIRT at their regular weekly meeting held on April 17, 2018.

Section 5006(e) Tribal Consultation: The state complied with their approved consultation protocol by release of a notice to interested tribal parties and representatives on November 2, 2017. No responses were received related to the consultation.

Regional Office: Tom Couch - RO NIRT - (208) 861-9838

APR 23 2018

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

Susan Birch, Director
MaryAnne Lindeblad, Medicaid Director
Health Care Authority
Post Office Box 45502
Olympia, Washington 98504-5010

RE: WA State Plan Amendment (SPA) Transmittal Number #18-0003 – Approval

Dear Ms. Birch and Ms. Lindeblad:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 18-0003. This SPA reduces the look-back period for inpatient hospital potentially preventable readmissions (PPRs) from 30 days to 14 days, and implements prior authorization for all inpatient psychiatric hospital admissions establishing that each admission is considered a distinct event.

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 and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 18-0003 is approved effective as of January 1, 2018. For your files, we are enclosing the HCFA-179 transmittal form and the amended plan pages.

If you have any questions concerning this state plan amendment, please contact Tom Couch, CMS' RO NIRT Representative at 208-861-9838 or Thomas.Couch@cms.hhs.gov.

Sincerely,

A large black rectangular redaction box covering the signature area of the letter.

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

1. TRANSMITTAL NUMBER:
18-0003

2. STATE
Washington

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2018

5. TYPE OF PLAN MATERIAL (Check One):
 NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

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

7. FEDERAL BUDGET IMPACT:
a. FFY 2018 \$0
b. FFY 2019 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A Part I page 22 , page 22a (new) (P&I)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
Attachment 4.19-A Part I page 22

10. SUBJECT OF AMENDMENT:
Potentially Preventable Hospital Readmissions

11. 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

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Mary Anne Lindeblad

13. TYPED NAME:
Mary Anne Lindeblad

14. TITLE:
Director

15. DATE SUBMITTED:
1-29-18

16. RETURN TO:
Ann Myers
Rules and Publications
Division of Legal Services
Health Care Authority
626 8th Ave SE MS: 42716
Olympia, WA 98504-2716

FOR REGIONAL OFFICE USE ONLY **APR 23 2018**

17. DATE RECEIVED: 1/29/18

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: **JAN 01 2018**

21. TYPED NAME: *Kristin Fan*

20. SIGNATURE OF REGIONAL OFFICIAL:
[Redacted]

22. TITLE: *Director, FM Co*

23. REMARKS:
3/19/18-P&I change made to block #8 to add new page 22a
5/1/18-State has authorized a technical correction to the SPA pages.

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.)

9. Transfer Policy

If a client is transferred back to the original hospital and subsequently discharged, the original hospital is paid the full DRG payment. It is not paid an additional per diem as a transferring hospital. The intervening hospital is paid a per diem payment based on the method described above.

The hospital that ultimately discharges the client is reimbursed based on the full DRG payment allowed amount. However, for dates of admission before August 1, 2007, if a transfer case qualifies as a high or low cost outlier, the outlier payment methodology is applied, and for dates of admission on and after August 1, 2007, the high outlier payment methodology is applied if appropriate.

10. Readmission Policy

Effective January 1, 2016 through December 31, 2017, the agency adjusts the payment rate to a hospital with an excessive number of potentially preventable readmissions (PPRs) using specific criteria. A PPR is an inpatient readmission within 30 days after discharge that is clinically related to the initial admission and is potentially preventable through appropriate care consistent with accepted standards in the prior discharge or during the post-discharge follow-up period. The first readmission is within thirty days after the initial admission, and the thirty-day timeframe begins again at the discharge of the most recent readmission to the same or to any other hospital.

The methodology to determine excess readmissions is an analysis based on the 3M™ Health Information Systems Potentially Preventable Readmissions Classification System under standard settings currently used by the agency. The software excludes certain types of readmissions from the PPR analysis prior to processing the claims.

The agency will prospectively apply a readmission reduction factor to inpatient rates based on a PPR analysis consisting of fee-for-service and managed care claims data. A readmission reduction factor for each hospital is based on the hospital's excess readmission payments divided by the total hospital inpatient payments in the PPR analysis. The agency will annually update the readmission reduction factors on January 1 using updated claims data from the prior state fiscal year (July 1 - June 30).

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.)

10. Readmission Policy (cont)

The agency calculates the number of excess PPRs using a risk-adjusted comparison between the actual and expected number of PPRs attributable to a hospital and prospectively reduces the payment. Payment reductions do not apply to critical access hospitals; however, critical access hospital claims are included in the PPR analysis.

Effective January 1, 2018, readmissions occurring within 14 days of discharge, to the same or a different hospital that group to the same medical diagnostic category, may be reviewed to determine if the second admission was necessary or avoidable. If the second admission is determined to be unnecessary, reimbursement will be denied. If the admission was avoidable, the two admissions may be combined and a single DRG payment made. If two different DRG assignments are involved, reimbursement for the appropriate DRG will be based upon a utilization review of the case. All psychiatric inpatient admissions must be prior authorized and are considered distinct admissions, regardless of the number of days occurring between admissions.

11. Administrative Days Policy

Administrative days are those days of hospital stay wherein an acute inpatient level of care is no longer necessary, and an appropriate non-inpatient hospital placement is not available.

Administrative days are reimbursed at the statewide average Medicaid nursing home per diem rate.

When a hospital admission is solely for a stay until an appropriate sub-acute placement can be made, the hospital may be reimbursed at the Administrative Day per diem rate from the date of admission. The Administrative Day rate is adjusted November 1. For DRG exempt cases, administrative days are identified during the length of stay review process.